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Tackling Labour Market Exclusion of Homeless People: The Role of Social Enterprise

By

Gemma Rachel McKenna

Thesis submitted in partial fulfilment of the requirements for the award of Ph.D.,
School of Law, Middlesex University
June 2013

**Tackling Labour Market Exclusion of Homeless People:
The Role of Social Enterprise**

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Gemma Rachel McKenna

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**Tackling Labour Market Exclusion of Homeless People:
The Role of Social Enterprise**

Dedication

**In loving memory of my father, Leonard McKenna, the light of my life.
I hope you know.**

Tackling Labour Market Exclusion of Homeless People: The Role of Social Enterprise

Abstract

The aim of this thesis is to examine whether social enterprise provides employment and enterprise opportunities for homeless people. The homelessness literature has paid little attention to this changing policy landscape. This thesis seeks to contribute to the academic literature on homelessness and social enterprise and explores the ways in which social enterprise meets the employment and enterprise needs of homeless people. The research for this thesis focused on homelessness social enterprises based in England. The approach was guided by the critical realist method and included the construction of a database, multiple case study organisations, and interviews with homeless people and social enterprise leaders. An observational element was also incorporated in the case study organisations and wider social enterprises operating in the homelessness field.

The research found that labour market exclusion of homeless people usually occurs early on in the lifecycle and was embedded over time through individual, inter-personal and structural elements. As a response to this social problem the research uncovered a number of *existing* and *emerging* homelessness social enterprise models. Organisations adopting these approaches occupy different sectors of the economy and provide a wide variety of (predominately service sector) jobs. The evidence also suggests they adopt different legal forms and use hybrid funding sources. Moreover, they cluster into particular types and most are not currently able to operate without the support of a host organisation. Instances of homelessness social enterprises were found to be increasing but clear challenges concerning their development came from exogenous economic and political factors. These developmental challenges were found to be buffered against by social elements endogenous to social enterprises. Also various advantages and disadvantages were related to each model, which critically highlighted that some approaches were better suited than others to assist homeless people into employment and enterprise, especially those experiencing 'deep exclusion' issues.

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Key to Abbreviations

AWET	Accommodation Work Education and Training (social enterprise model)
CIC	Community Interest Company
CLG	Company Limited by Guarantee
CLS	Company Limited by Shares
CLS	Company Limited by Shares
CPI	Consumer Price Index
DWP	Department for Work and Pensions
EMA	Education Maintenance Allowance
IPS	Independent and Provident Societies
JSA	Job Seekers Allowance
LFS	Labour Force Survey
LHA	Local Housing Allowance
MEH	Multiple Exclusion Homelessness
NND	Non-Dependent Deductions
NDU	New Deal for the Unemployed
NEETS	Not in Employment Education or Training
PRS	Private Rented Sector
RDA	Regional Development Agency
RISE	The voice for South West social enterprise
RSS	Regional Spatial Strategies
SAR	Shared Accommodation Rate
SE	Social Enterprise
SEEE	Social Enterprise East of England
SEL	Social Enterprise London
SEUK	Social Enterprise UK
SMEs	Small and Medium Sized Enterprises
SNAP	Survey of Needs and Provision
WISE	Work Integration Social Enterprise
UC	Universal Credit

CHAPTER 1: INTRODUCTION

1.1. Background and Research Gaps

Whilst homelessness in Britain has been the subject of substantial research interest, there are still a number of areas, regarding which very little is known. The subject of the relation between homelessness and social enterprise as a means to address the labour market exclusion of homeless people is one such area. Many homeless people face considerable difficulty accessing the labour market. One policy response has been to encourage the supply of social enterprises providing employment opportunities to homeless people. Recently organisations operating in and around the homelessness sector have led the way in terms of a 'renewed' approach to social enterprise. The Big Issue for example has spread across the UK and has been instrumental in the success of a number of spin-off organisations, including The Big Issue in the North, The Big Life Company and the Crisis Skylight Cafés for example. These organisations operate by providing goods and services, which are provided in a market system, but where any surplus is reinvested back into the organisations social aims. It is this 'reinvestment in social aims', which illustrates the social aspect of the enterprise and without which the organisation would not be viable. They are also concerned not just with providing the opportunity of work and/or training but also a route into the mainstream labour market by providing skills development, employment provision, campaigning for and/or delivering better services, and helping people to start up their own businesses (Amin, 2009; Pearce, 2009).

While the homelessness literature has made some contributions in this area, considerable room remains for further developments. Lack of examination within this changing policy landscape may be partly attributable to widespread confusion as to what a social enterprise is or does (Lyon, Teasdale & Baldock, 2010; Teasdale, 2010b), about its position in the 'third sector' (Sepulveda, 2009) and whether the paradigm has significant socio-economic scope (Lyon et al, 2010). The main problem is that it is harder to bring social enterprise into focus because of the "hybrid and poorly defined nature" of the social enterprise form (Borzaga & Solari, 2001: 333). Coupled with a "perceived lack of

analytical rigour in UK homelessness research” (Anderson; 2003:198) and weak theoretical insights regarding the causes and consequences of homelessness (Fitzpatrick, 2005a; Neale 1997), the link between homelessness and labour market exclusion and social enterprise as a response remains under researched.

1.2 Research Aims

The aim of this thesis is to identify and understand the different ways in which social enterprise is used by organisations within the homeless sector to generate employment and enterprise opportunities for homeless people. Underpinning the research are the following five questions:

1. In what ways does an absence of employment and enterprise activity feature in the causes and consequences of homelessness?
2. Is there an appropriate social enterprise model and/or development strategy to generate employment and enterprise opportunities for homeless people?
3. What sectors of the economy are homelessness social enterprises found in?
4. What economic, political and social factors contribute towards the opportunities and constraints of homelessness social enterprises?
5. What is the current and likely future role of homelessness social enterprises?

1.3 Research Rationale and Methodological Orientation

Choosing to apply for the CASE studentship¹ with Crisis (the national charity for single homeless people) to undertake research into homelessness and social enterprise was heavily influenced by the researcher's previous experience of working with homeless people in her role as Parliamentary Researcher to Paul Goggins MP. The researcher had always found homelessness distressing, particularly the visible presence of people sleeping 'rough'. This general concern coupled with professional experience of working with homeless individuals instilled a strong interest to investigate this area of social policy. In particular many of the homeless people seeking their MP's assistance were *single* homeless people who were struggling to find and maintain employment. As the researcher became more aware of the events and mechanisms implicit in homeless situations and how much power institutions and agencies exercised regarding the level of support individuals could access, she was intrigued by the ways and means in which exclusion from the labour market had contributed to their homelessness and the role of society to address this problem. Moreover, as all types of homelessness are on the upward trajectory, particularly 'visible' homelessness - rough sleeping and statutory homelessness (Fitzpatrick, Pawson, Bramley & Wilcox, 2011a) - set against a backdrop of major welfare reform and government austerity measures, this thesis seeks to make a timely contribution to social policy debates.

Current concerns regarding rising levels of homelessness and the grounding of the experiences and perspectives mentioned above is an implicit orientation that explains much of the emphasis of this thesis. As such the author's training in critical perspectives of social policy and a professional background in association with homeless people all largely inform the main ideas, the methods used, and the process of analysis and reflexivity embedded in this study. This thesis is restricted to England as the unit of analysis due to the significant divergence of policy and legal frameworks across the UK since devolution (Fitzpatrick et al, 2011a) and due to fieldwork time and limitations

¹ The CASE studentship was an annual doctoral award scheme operated by the Economic and Social Research Council (ESRC) in conjunction with designated universities and third sector partners. The scheme has now been discontinued (2012).

regarding access to social enterprises, although a wide geographical spread has been sought across the English regions.

Three main methods of examination are employed in this study. First relevant literature is reviewed pertaining to academic, practitioner and government inquiries, including briefings and surveys prepared by a number of organisations. Also key parts of the Localism and Welfare Reform Acts are analysed. Second, a series of multiple (social enterprise) case studies (6 in total), three based in London, one in the East Midlands and one in the South West and finally one in the East of England, were investigated. Semi-structured interviews (14 with homeless participants and 15 with social enterprise leaders), and participant observation was used within the case study contexts to capture the experiences of a range of different homeless and formerly homeless people and social enterprise employees. Third, and finally, a survey of homelessness social enterprises has been carried out by the researcher for this study in order to guide statistical analysis concerning the key characteristics of social enterprise models represented in the homelessness field.

The fieldwork and methods chosen were used as sources of new knowledge with an emphasis on inductive reasoning, where the “researcher develops theoretical explanations out of the data, moving from the particular to the general” (Mason, 2002:180). Finally the author’s training in critical perspectives has influenced a desire to look for answers in the societal context regarding the “structures and powers of objects” (institutions, agencies and the people within them for example) and how the “conjunction of two or more features or aspects gives rise to new phenomena” (Sayer, 2000: 12). In other words answers were sought not just by focusing on homeless people but also by looking for answers amongst the structures, events and mechanisms (and the people situated within this context) that provide support to them.

1.4. Structure of the Thesis

Following this introduction, the next two chapters lay the background context for the research with an examination of existing literature. Chapter Two reviews a number of key factors related to the causes and consequences of homelessness. Particular attention is paid to labour market exclusion in order to set the groundwork to discuss social enterprise, as a potential solution to address the employment and enterprise needs of homeless people (Chapter Three). This is currently under researched in the literature. Following this, Chapter Three details the various discourses related to social enterprises, before focusing specifically on the small body of work related to homelessness social enterprises. Chapter Four outlines the research method used before Chapter Five, which presents the complex relationship between labour market exclusion and homelessness drawing on qualitative data and analysis from interviews with homeless trainees/employees. Chapter Six acts as a pivotal point introducing how social enterprise may address labour market exclusion for homeless people. Essentially this chapter looks in more depth at social enterprise as a means of promoting employment and enterprise using evidence drawn from this study's *homelessness social enterprise survey* on the broad characteristics of homelessness social enterprises and different models. Examples from the survey are used to illustrate current models of social enterprise in the homeless sector and also highlight what is missing in the context of social enterprise models represented in the wider social economy. Chapter Seven considers both exogenous (economic and political) and endogenous (social) factors shaping the development of homelessness social enterprises. Finally Chapter Eight assimilates all of the empirical evidence and outlines the key challenges faced by homelessness social enterprises and how different models 'meet' these challenges. Chapter Nine concludes with the main findings of this thesis and suggests further areas of investigation.

CHAPTER 2: HOMELESSNESS AND LABOUR MARKET EXCLUSION: LOCATING THE SUBJECT

2.1 Introduction

The primary aim of this chapter is to provide the background in which to locate this study. To achieve this aim leading academic and policy debates, and key theoretical frameworks will be examined both for what is said on the subject of homelessness and labour market exclusion and what has not been alluded to in the literature. Avenues for further exploration will also be recommended. In order to form a nuanced understanding of the causes and consequences of homelessness and labour market exclusion this chapter seeks to explore wider narratives, which are not just focused on homelessness literature. Thus literature drawn from the fields of housing studies, social policy, social exclusion, poverty and welfare are also touched on.

The chapter is structured as follows. First is a brief discussion about homelessness definitions, which seeks to answer the question: what is homelessness? The main body of the chapter considers the causes of homelessness, breaking down the individual and interpersonal causes first before considering the structural factors, with specific attention given to the role of labour market exclusion. Finally, several theoretical insights about the study of homelessness are presented, before one (critical realism) is decided on to guide the framework of the research. The overriding aim in this section of the chapter is to offer theoretical explanations about how to move beyond descriptive explanations of homelessness - which merely describe the basic causal factors of homelessness without considering their relationship to one another and in a wider societal context - that is to arrive at a paradigm which is more informed at a conceptual and theoretical level.

2.2 What is Homelessness?

The legal definition of homelessness for England and Wales stipulates that a person is homeless if there is no accommodation that they are entitled to occupy or they have accommodation but it is not reasonable for them to continue to occupy this accommodation. This definition is aimed at trying to identify a person's entitlement or right to a home, rather than the particular circumstances in which they are living. Therefore no particular category of homelessness is automatically excluded by the legal definition (Shelter 2007a). However, the legal definition still distinguishes between two elements of 'homelessness', statutory and non-statutory. The *statutory* definition enables local authorities to ration council housing through the mechanism of 'priority need' for people with dependents if they have no accommodation in England or Wales (except in Scotland where 'priority need' was phased out by the end of 2012 to open up housing support to more of those in need) or do not have access to accommodation which they are legally entitled to occupy. However, changes to legislation in 2011 in the form of the Localism Act mean that the *statutory* definition of homelessness has been changed and local authorities are now able to discharge their homeless duty to the Private Rented Sector (PRS) (Shelter, 2011a).

This constricted definition of homelessness alludes to a lack of secure or permanent accommodation. However, it does not provide for those considered to be 'hidden homeless' (staying in squats, sofa surfing, or sleeping rough for example) (Reeve & Batty, 2011). This cross-section of homeless people refers to the *non-statutory* homeless, where the local authority is not obliged to offer accommodation for the 'single homeless'² (also referred to as those 'not in priority need') (Fitzpatrick, Kemp & Klinker, 2000; Anderson, 1990), although amendments to the *Homelessness Act 2002* extended the group to include a wider representation of single homeless people. The extended priority list includes those escaping from domestic violence as well as 16-17 year olds leaving care.

² 'Single homelessness' is used in the UK as a shorthand term to cover all homeless households, which do not contain children. Hence, 'single' homeless people may be living as part of a couple or other household arrangement but without dependent children (see Fitzpatrick et al, 2000).

Previous scholarly disputes about what constitutes homelessness have conflated debates over the validity of the concept of 'hidden homelessness' (see Anderson, 1994; Pleace, 1997). This is due largely to people in concealed households and intolerable relationships being referred to as 'hidden homeless' (Fitzpatrick et al, 2000). However this does not reflect the 'visible' homeless, such as rough sleepers, who are also considered under the *non-statutory* and single homeless person classification.

Single homelessness and hidden homelessness are synonymous, which indicates that to be a single homeless person in England effectively means that you are 'hidden' from crucial support and advice services and, significantly, through statistics (Reeve & Batty, 2011), which consequently masks the issue and level of the problem. There are several consequences to be found regarding the restricted definition of *non-statutory* homelessness and subsequent difficulties in gaining support. First people resort to desperate and dangerous measures to secure shelter such as "engaging in sex work to pay for a night in a hotel, committing crime in the hope of being taken into custody and establishing unwanted sexual relationships to secure a bed for the night" (Reeve & Batty, 2011:2).

The second issue is that people remain homeless for longer. If people had received the right assistance they could have exited homelessness more swiftly. In this context vulnerable people have not had their needs met through existing systems of support such as sleeper teams and hostels, and have therefore joined a population of long-term homeless people with increasing and more complex support needs. This can be linked back to the lack of assistance homeless people receive from local authorities (Reeve & Batty, 2011) and essentially the restrictive definition and guidelines around definitions of homelessness.

The third caveat regarding legal definition relates to the issue of intentionality. The law says that when a person makes a homelessness application, the local authority can decide that they became intentionally homeless if they have deliberately done (or not done i.e. taken steps to appease a situation) something that caused them to lose their accommodation. For example, where a person has been evicted from their home because

of failure to pay rent, and the council believes the non-payment was deliberate, the local authority may decide that the person is intentionally homeless (Shelter, 2009). However, intentionality is open to interpretation by the local authority, and therefore applied inconsistently, leaving homeless people at the mercy of an inherently subjective method of homelessness classification.

Taking the above evidence into account it seems that homelessness is a variable and problematic concept incorporating a continuum of possible housing situations (Teasdale, 2010a). In other words, because there is a range of circumstances that may result in homelessness no single definition is adequate to apply (Anderson & Christian, 2003). Therefore, this study adopts the FEANTSA (European Federation of National Associations Working with the Homeless) typology of homelessness called ETHOS³ (Edgar, Meert & Doherty, 2005), which considers a range of housing and housing exclusion situations. The typology begins with the conceptual understanding that there are three domains that constitute a 'home' the absence of which is taken to delineate homelessness. First is having an adequate dwelling over which a person and his/her family have exclusive possession (*physical domain*). Second is associated with being able to maintain privacy (*social domain*). Third is having a legal title to occupation (*legal domain*). This leads to the four main concepts of Rooflessness, Homelessness, Insecure Housing and Inadequate Housing, all of which indicate the absence of a home.

The latest statutory homelessness figures⁴ in England suggest that 39,880 applicants were *accepted* by local authorities as owed a main homeless duty (CLG, 2012a). By June 2012, quarterly statutory homelessness acceptances had risen 34 per cent from the end total in 2009 (Fitzpatrick et al, 2012). Those households in temporary accommodation have also risen, doubling over the past two years, with an alarming increase of households with children in Bed and Breakfast hotels, from 630 in March 2010 to 1,660 in March 2012 (Fitzpatrick et al, 2012).

³ Please see appendix 1 for a table, which demonstrates ETHOS (European Typology of Homelessness and Housing Exclusion).

⁴ Taking three quarters (January 2012 to September 2012) as a whole. Figures for the final quarter (October to December) were not available at the time of writing.

While national systems for enumerating statutory homelessness - made through homeless applications to local councils - have a relatively clear definition and methodology the procedure for rough sleeping has come under considerable criticism since it was first introduced by the former Labour government in the 1990s (Fitzpatrick et al, 2011a). Two clear problems can be found with the previous methodology. First that 'annual totals' are deceptive given that "the number of people sleeping rough at some point in any given year will inevitably be far greater than the number doing so on a single night" (Fitzpatrick, 2011a:55). Second are issues around the techniques used for 'snapshot' counts - where people go out on any given night to count the visible presence of rough sleepers - the level of resources to achieve sufficient coverage is always liable to insufficiency and the enumerators are likely to avoid dangerous or inaccessible location. Thus, potentially excluding people located in those areas from the count (Fitzpatrick, 2011a). Third, the procedure for enumerating rough sleepers in areas where local authorities submitted their figures was founded on a desk based estimated count (Fitzpatrick, 2011a). These methodological issues explain the scepticism of those in the homelessness sector concerning figures published by the previous Blair administration claiming that rough sleeping was shown to fall, significantly, across England, from over 1,800 in 1998 to only 600 in 2002. And stayed close to 500 over the next few years (CLG, 2010a).

Recognising these methodological inadequacies the Coalition government introduced new guidance in 2010 which widened the definition of 'rough sleeper' to include people 'about to bed down' and those physically lying down. Moreover, local authorities adopting the desk-based technique are now required to consult with agencies working with rough sleepers in their area. Given these changes in methodology along with the adverse economic climate and reduction in welfare provision it is, perhaps, no surprise to learn that the estimate of rough sleeping has increased from 1,247 under the previous count approach (Summer 2010) to 2,181 (Autumn 2011) (CLG, 2012b; Fitzpatrick, 2011a), with the highest instances of rough sleeping represented in London (446) (CLG, 2012b).

The above government figures, regarding rough sleepers, provide a *snapshot*, taken on one night and are significantly lower than what local agencies report over the course of a year (Crisis, 2012a). However, CHAIN, the Combined Homeless and Information Network, offers a wider statistical depiction of homeless people (including 'rough' sleepers and the street population in London) compared to the official government figures. London has the most widespread and accurate data on 'rough' sleepers and therefore provides a decent guide to the national picture (Shelter, 2010a). According to CHAIN, 5,678 people slept rough at some point in London during 2011/12, an increase of 43 per cent on the previous year's total of 3975 (Broadway, 2012; Crisis, 2012a). 2,531 of those seen rough sleeping were from the UK. 28 per cent were from Central and Eastern European (CEE) Countries that joined EU in 2004 and 2007 (Broadway, 2012). As well as the significant increase in 'rough' sleepers the increase in *statutory* homelessness figures is worrying and can be attributed to the economic downturn, decrease in housing benefit and wider welfare cuts, including reduction in *Supporting People*⁵ funding (Shelter, 2010a).

2.3. Causes of Homelessness

Explanations of homelessness in the UK and in other developed countries have traditionally fallen into two broad categories *individual* and *structural* (Neale, 1997). As debates around which was the dominating discourse met an impasse in the 1960s, focus by academics and pressure groups began to move explanations away from individualistic accounts of homelessness to structural housing-based accounts of homelessness⁶. This rhetoric dominated until the 1980s when researchers recognised that single homeless people have high levels of health and social support needs, so the attention again was

⁵ The Supporting People (SP) programme consisted of seven housing related funding streams located across central government. In 2009 the SP funding stream was 'unringfenced' and local authorities were no longer required to spend this funding on housing related support. Thus, decisions about where to allocate funds are now entirely at the discretion of the local authorities. Therefore, SP no longer exists in a defined way and is managed in different ways by different local authorities <http://homeless.org.uk/supporting-people#.UNQoTo5iEb0>.

⁶ Within this context, structuration theory was viewed as a way to describe issues concerning "the nature of human action and the acting itself; with how interaction should be conceptualised and its relation to institutions" (Giddens, 1984:16-17). In other words, structural based explanations regarding homelessness were considered in terms of how societal structures both restrict and shape individual agency but also how agency can alter or reconfigure structures.

diverted back to individual causes. As such the 'orthodox' set of assertions regarding homelessness causation began to shift. A 'new orthodoxy' concerning structural variables suggested that people with high support needs were more vulnerable to adverse social and economic conditions than other people. But the 'new orthodoxy' did not account for those people who become homeless arising from acute personal crises where structural factors seem practically absent (Fitzpatrick et al, 2011a).

Fitzpatrick and colleagues (2011a) suggest the 'new orthodoxy' is a rather positivist lens through which to view social causation. For example could the breakdown of a homeless person's marriage be considered an individual problem or due to the economic downturn in which structural forces cause redundancy? To move past this impasse of structural and individualistic accounts of homelessness causation, Fitzpatrick and colleagues (2011a) suggest that through a critical realist perspective, individual, interpersonal (interaction and relationships between people) and structural factors all play a role and interact with each other, and the balance of causes differ over time, between countries and varies between demographic groups. Therefore the picture of causation is much more ambiguous and complex than previous accounts would lead one to believe. In order to assess this re-examination of homelessness causality and for ease of reference the following discussion will focus on the various factors in turn.

Individual-based causes of homelessness are grouped under various sub-headings ranging from 'personal characteristics', 'behavioural issues' and 'risk factors' to 'predictors' and 'individual experiences' (Cramer, 2002). Broadly speaking, individual causes appear to fall into two camps: those that hold the individual accountable and those that emphasise an inadequacy, which is not entirely the individual's responsibility. The former may include issues related to drug and alcohol misuse and criminal behaviour. The latter may characterise sexual or physical abuse and mental/physical ill health for example. Importantly, relationship breakdown, which is thought to be one of the primary causes of homelessness, can be found in either the individual or structural domain (Fitzpatrick et al, 2009).

The above individual causes of homelessness are more problematic when they are connected. According to *Homeless Link* (2010) 41 per cent of people in an average homeless project have multiple needs. The initial cause of an individual's homelessness may become compounded when they have spent a sustained amount of time 'rough' sleeping. The cause of homelessness in the first instance, alcohol misuse, for example, may become a consequence of homelessness in another situation. Those that have slept rough for months or years, are likely to develop physical and mental health problems, engage in drug and alcohol misuse and for some become involved in anti-social behaviour as a consequence of homelessness. The following section examines a number of the major individual and interpersonal causes of homelessness namely, relationship breakdown and mental ill health, before moving onto the structural causes.

2.3.1. Relationship breakdown

Relationship breakdown is a main cause of homelessness for all groups and often cited by homeless people as a 'trigger' to homelessness and a long-term contributing factor (Cramer, 2002). Many men, for example, become homeless because they need to leave the family home after their long-term relationship breaks down causing some to descend into alcoholism and/or to experience a mental breakdown. Relationship breakdown as caused by the domestic violence of men against women is found to be a significant factor in women's homelessness and highlights the gender inequalities experienced within many relationships (Cramer, 2002).

Relationship breakdown is also a cause of homelessness among older people (Warnes & Cramer, 2006). British and American studies have identified many cases of homelessness in late middle age and older ages due to marital breakdown or household disputes, job terminations, widowhood, the loss of support following the death of a parent (for those who lived at home) and evictions for rent arrears (Warnes & Cramer, 2006). Johnsen and Quilgars (2009) also add to the pathways to homelessness debate and suggest that relationship breakdown is the predominant trigger for youth homelessness in the UK. Such relationship breakdowns are often caused by conflict between the young person and their parents/step-parents and disturbingly 45 per cent of homeless situations

reported by statutorily homeless 16-17 year olds in England have involved violence (Johnsen & Quilgars, 2009).

2.3.2 Mental health and substance misuse

Inadequate housing can be a cause of health problems and unsuitable housing conditions make it incredibly difficult for people to manage existing chronic health problems, both physical and mental (Anderson & Ytrehus, 2012). Moreover, long periods of rooflessness are more likely to negatively impact someone's health compared to if they were in temporary accommodation (Andersen & Ytrehus, 2012). Therefore it is commonly accepted that people who are homeless or living in insecure accommodation have much higher incidences of ill health and mental illness than the general population (CLG, 2008). In many instances mental health problems play a significant part in the conditions that cause homelessness. The mental health problem may then be exacerbated by the stresses associated with being homeless, which then impacts on the person being able to attain stable housing (Rees, 2009).

At one end of the mental ill-health spectrum problems can be found including generalised anxiety disorders, depressive disorders, phobias and obsessive-compulsive disorder. At the other end of the spectrum lie more serious problems; namely psychotic disorders such as schizophrenia, schizotypal and other delusional disorders, as well as more severe forms of depression such as bipolar affective disorder (Rees, 2009). Trends over time in the UK suggest those positioned at the serious mental ill health end of the spectrum who become homeless, are not former patients from large institutions that closed, but rather a younger group of service users whose complex needs may not have been met by community health care agencies (Craig & Timms, 2000).

According to *Homeless Link* (2010) 94 per cent of homeless projects report having clients with mental health problems and in an average homeless project 32 per cent of people demonstrate mental health problems. Furthermore, 42 per cent of clients in an average homelessness project have drug problems and 39 per cent have alcohol support needs. This data provides a perturbing context concerning the ill health of people accessing

homeless support services. Closely associated with and compounded by instances of mental ill health among homeless people, is substance misuse. Levels of drug and alcohol use and dependence are very high, both as a single and/or combined problem. For example a survey of street homelessness and hostels in London conducted by Fountain, Howes and Strang (2003) found that 83 per cent reported using drugs in the month before the interview and 68 per cent had used alcohol. Poly-drug use was also widespread and two-thirds reported dependence on the main drug used and a third reported alcohol dependence. Fountain and colleagues (2003) also reported that the length of homelessness increased alongside usage and risk of injecting substances.

Rates of dual diagnoses of major mental illness in association with substance misuse are also significant. Drake, Osher and Wallach (1991) and Craig (1998) report that the majority of studies (worldwide) indicate around 10-20 per cent of the homeless population fulfil the criteria for dual diagnoses. However these studies use a strict definition for disorder and in reality a higher number of individuals will have a diagnosis of mental illness and have a co-existing substance use problem, which does not reach the threshold for diagnosis. It is often the co-existence of these problems that make resettlement and engagement with health and homelessness support agencies more problematic (Drake et al, 1991; Craig, 1998).

So, how do these figures correspond to a wider demographic of the homeless population? From a gender perspective generally women's risk of street homelessness is less than it is for single white men (Marpasat, 1999). The literature suggests that this is because women are eligible for local government support under the statutory homeless legislation where they are deemed to be in priority need if they have children to care for. However from a mental health perspective, women are much more vulnerable to homelessness if they have a history of suffering physical and sexual violence, although this is also common for men. Domestic violence is also associated with high rates of mental and physical disorder (Robertson & Winkleby, 1996). The body of research looking at the mental health of single homeless women is fairly small. However, according to Rees (2009) most studies suggest that women are more likely to have greater levels of disorder than men. For example, in inner London 60 per cent of women had previously

been in psychiatric care and a similar proportion had a diagnosis of schizophrenia - this is higher than similar studies for men (Marshall, 1992 cited in Rees, 2009).

Refugees and asylum seekers are another demographic group who are known to have high rates of mental disorder. Particularly for those who have survived war and torture; their mental ill health is usually associated with the lower end of the mental health spectrum demonstrating problems such as depression and post-traumatic stress disorder (PTSD) (Ryan, Dooley & Benson, 2008). This vulnerable demographic group are also at risk of homelessness due to the constraints they encounter regarding barriers to work and navigation of the bureaucratic welfare system (for refugees), which is also in juxtaposition with experiencing discrimination and marginalisation in their host society (Palmer, 2006).

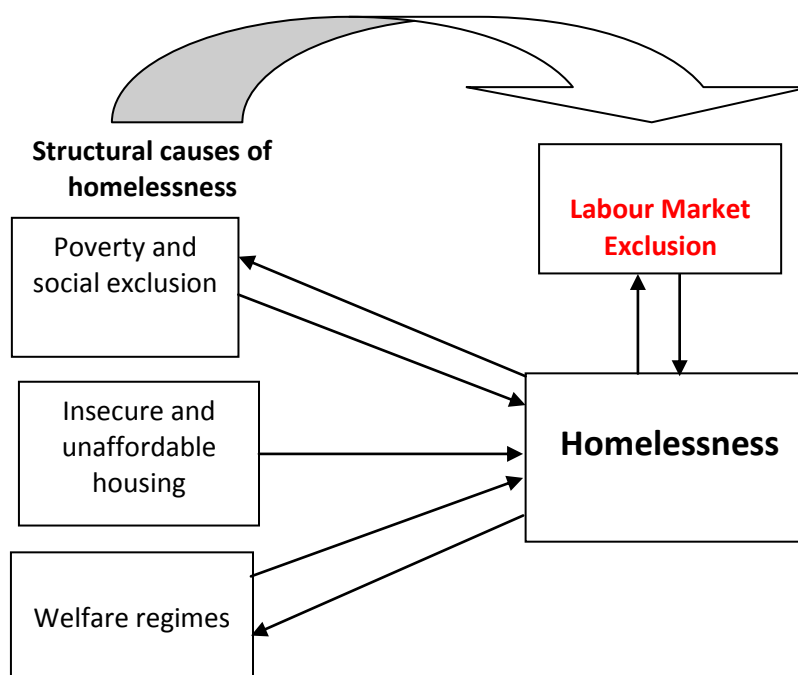
Although many homeless services are able to support people with mental ill health, drug, alcohol or dual diagnosis problems, in too many areas there are major difficulties gaining access to specialist mental health and drug and alcohol services (Homeless Link, 2010). There is a shortage of treatment and detoxification services, in particular for the treatment of alcohol problems. Moreover, services can be potentially exclusionary especially for those with dual diagnosis. In particular, services are often unwilling to take the lead responsibility for an individual's care (Homeless Link, 2010). The key findings from the data on homelessness and mental ill health share one significant commonality; that as the stability of housing increases then the rates of serious mental illness decreases (Rees, 2009). Moreover, the achievement of stable independent housing among persons who are homeless and have serious mental illness is affected by the broader social environment, including features of social capital and affordability of housing (Rosenheck et al, 2001). Consequently, there needs to be a shift in services approaching alcohol, drugs and mental health as separate issues towards seeing them as part of the individual's range of needs and address them as a whole within an integrated approach (CLG, 2008).

Structural causes of homelessness can be assembled into several interdependent issues and are united by key factors such as poverty and widening inequalities (Hills, 2010; Lister 2004). Other factors include insufficient supply of affordable housing, increased levels of unemployment, the social security benefit provided by different welfare regimes and the forces of demographic changes (Teasdale, 2010b). With respect to these structural forces, housing market trends appear to express “the most direct impact on levels of homelessness, with the influence of labour market change more likely to be lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors” (Fitzpatrick, 2011a:18). These factors are seen as major determinates of homelessness.

The conceptual framework (Figure 2.1), constructed by the researcher for this study, draws comprehensively upon the conditions associated with the structural causes of homelessness⁷. A number of key factors can be identified namely; poverty and social exclusion (including social capital) lack of affordable and insecure housing and welfare regimes. The recognition of a model or framework gives focus to the research and identifies related discourses, thus providing grounding for the developing theory (Laws, Harper & Marcus, 2003).

⁷ The framework offers an overview of the relationships proposed. A more nuanced account of their intricacies will be discussed in the main body of the chapter.

Figure 2.1: A conceptual framework for understanding the causes and consequences of homelessness



Source: Literature review analysis

Poverty and social exclusion are both elements that indicate a circular causality between homelessness and between one another, since all conditions feed into the same outcome. While housing market trends may have “the most direct impact on levels of homelessness” (Fitzpatrick et al, 2011a:18), there is no evidence to suggest that homelessness causes a lack of affordable housing; therefore the arrow is used to indicate linearity. The oversized arrow signals the connectivity between the structural features of poverty, social exclusion, lack of affordable housing and the political and policy lexicon with labour market exclusion.

The framework focuses upon labour market exclusion to further knowledge on, and develop the relationship between, homelessness and labour market exclusion, and social enterprise as one potential solution to meeting the employment and enterprise needs of homeless people. Labour market exclusion is used throughout this study as a holistic term to demonstrate the plethora of elements excluding homeless people from mainstream employment. The term encompasses unemployment, which is arguably the most fundamental aspect of labour market exclusion, but also allows for a number of other

related aspects concerning supply and demand-side and institutional factors such as access and achievement related to education and training, quality and quantity of available jobs and access and affordability of childcare (Syrett & North, 2008), among others, to be considered.⁸ Therefore a more nuanced account of the social causation of homelessness and exclusion from the labour market is permitted. Focusing on labour market exclusion as opposed to the other critical causes of homelessness is also favoured due to its contemporary resonance, both on the academic and policy landscape regarding welfare reform and social housing and as a result of the housing market crash in 2009 (Richie, Casebourne & Rich, 2005; Meadows, 2008; Syrett & North, 2008).

It is important to note, however, that although labour market exclusion is highlighted as a key unit of analysis throughout this study, no one isolated condition leads to a homelessness outcome, in reality a number of the aspects presented can be found to trigger homelessness, and/or the condition of homelessness can elicit any of the structural characteristics which are detailed. A more detailed account of the structural causes of homelessness will now be discussed, as this is one of the main aims of the thesis. Also this allows the researcher to set the foundations to discuss social enterprise as a means to address homelessness and labour market exclusion, which is currently under-researched in the literature.

2.3.3. Insecure and unaffordable housing

A further cause of homelessness is associated with the limited availability of social housing. After the Second World War house building increased steadily. Completion peaked in 1968 when 353,000 dwellings were completed. However, of these only 42 per cent were built by the social sector, predominantly local authorities, compared to 58 per cent by private enterprise (CLG, 2010b). In England during the 1980s strong 'emphasis on consumer choice' in housing policy saw social housing reduced under the 'Right to Buy'⁹ (Anderson, 1990:24-25), which has resulted in around 1.9 million sales to sitting tenants

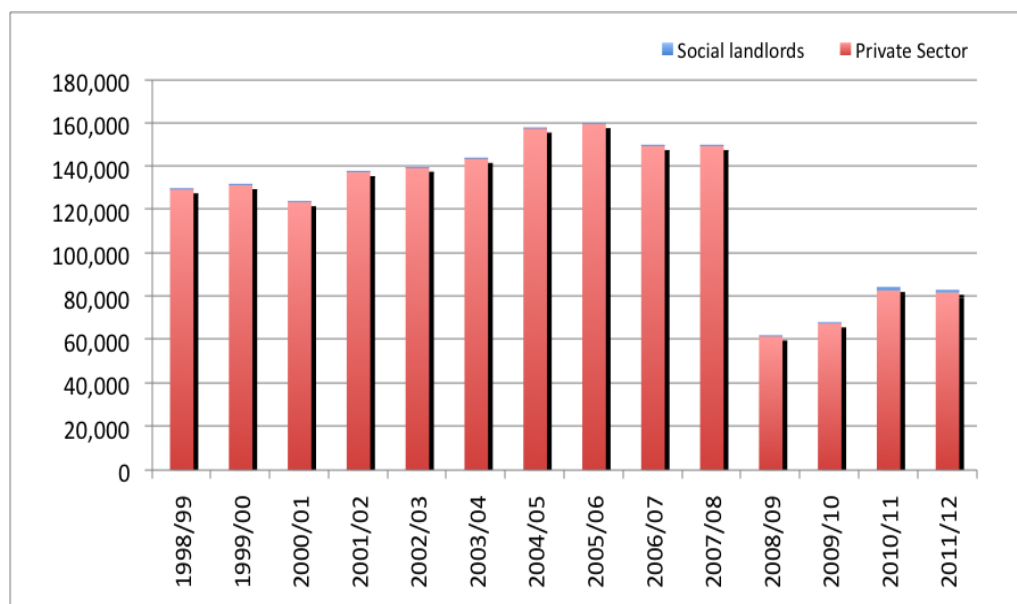
⁸ See Chapter 5, figure 5.1, for a typology of labour market exclusion.

⁹ For further information please see appendix 2 for a table detailing a historical overview of post-war housing policy.

since 1980 (CLG, 2010b). This has played a significant role in reducing the size of the sector from around 30 per cent of total tenure in 1980 to 10 per cent in 2006 (CLG, 2010b).

House building over the past few decades has not kept pace with the demand for homes as the number and demography of households has changed. In the 1970s, 80s and 90s the number of households increased by 30 per cent while the level of house building fell by 50 per cent. Furthermore, there were 1,763,140 households on local authority waiting lists in April 2009; this is around a 40 per cent increase in the last five years. Also in 2009 there were 1 million fewer homes to rent than there were in 1979 (Homeless Link, 2010). Weak house building continues in England as the following graph indicates.

Figure 2.2: New house building in England from 1998/99 to 2011/12



Source: Pawson & Wilcox, 2012: *UK Housing Review*, Chartered Institute of Housing.

The chart shows that new housing building in England fell back again in 2011/12. The most recent reduction can be explained by falling social housing construction with housing associations and local authority building in England reversing from their peak in 2010/11 following the then government's stimulus programme. Social housing building is now at a seven year low and barely visible against private sector building rates. Despite

this the private sector is failing to increase building to compensate for the reduction in the public sector provision (Pawson & Wilcox, 2012).

The decrease in local authority housing stock continues to fall as the latest figures show. Local authorities owned 1.8 million dwellings in 2010 following a general decline from 3 million in 2000. Again this is related to the Right to Buy legislation and large-scale voluntary transfer of local authority stock to registered social landlords (CLG, 2012c). The policy rhetoric surrounding home ownership shows no sign of changing as plans in the Coalition's *Laying the Foundations: A Housing Strategy for England* show (CLG, 2011). The government are keen to support home ownership through encouraging more tenants to take up the Right to Buy and by increasing the caps on Right to Buy discounts. Although the strategy also sets out plans to replace the social housing lost to private ownership through any additional homes sold under the Right to Buy scheme, it is unlikely that supply will meet demand.

Lack of affordable housing is a key cause of homelessness. Following the onset of the housing market recession in 2009, there has been a significant paradigm shift around affordability. This means that house prices have increased in relation to earnings in such a way that many people who could afford to buy a decade or so ago are now unable to do so. Moreover, many people, not just those on low incomes, are struggling to pay their housing costs in the private rented sector (Turffrey, 2010). While homelessness is undoubtedly more than a housing issue, lack of affordable and suitable housing still forms a huge part of the problem. The unstable economic environment, exemplified by the economic recession (2007) and housing crash in 2009, has seen a rise in repossessions, fall in mortgage lending, loss of employment, residualisation of social housing and house prices still too high for most people to purchase (Homeless Link, 2010).

Meanwhile there are a number of further implications of the post-2007 economic and housing market recessions on homelessness, regarding both housing market conditions and recent changes in legislation. The substantial growth of the private rented sector (PRS) (more than 50% over the last decade) (Pawson & Wilcox, 2011) has become an important feature in addressing homelessness by absorbing some that may have become

homeless. However the PRS is also a potential cause of homelessness due to losses of fixed-term tenancies (Fitzpatrick et al, 2011a) forcing people out of their homes and into a cycle of insecure living arrangements.

Furthermore, changes through the Localism Act 2011 to place a cap on Local Housing Allowance (LHA) reduces the amount of housing benefit available to tenants in the PRS and therefore limits access to housing for low-income tenants, especially large families and those living in London (London Councils, 2010). Also in this context LHA being placed in regard to 30th percentile market rates rather than median values could restrict access to the PRS for low-income families. Coupled with issues around affordability - if private rents increase more rapidly than LHA rates are updated by the Consumer Price Index (Fitzpatrick, 2011a) - the above measures could have considerable implications for generating further homelessness.

Further, Coalition government, measures such as the extension of the (Housing Benefit) Shared Accommodation Rate to 25-34 year olds, will put pressure on the already limited supply of shared accommodation and push vulnerable people into inappropriate shared lettings. Taken together with the uprating of non-dependent deductions from housing benefit (in combination with the ending of the Education Maintenance Allowance (EMA)) and the 'under-occupation' penalty for working age adults, could see rent arrears rise and the loss of EMA could force young people out of the family home, subsequently causing an increase in youth homelessness (Pawson, 2011; Fitzpatrick et al, 2011a).

Although it is an important part of the solution, in isolation housing policy cannot provide a single answer to homelessness. This is because homeless people are often caught in a paradox between the need for a home first and job second or indeed the other way around (Singh, 2005). This paradox is perpetuated due to labour market policy, which is not sufficiently joined up with homelessness and housing policy and health and social services (Singh, 2005). The home and job dichotomy is an important issue to highlight in terms of factors of multiple deprivations faced by homeless people and indeed whether the lack of a 'home' and a job are the 'prime' factors associated with homelessness.

2.3.4 Poverty and social exclusion

Discussions around poverty and social exclusion have particular contemporary resonance due to the current economic crisis and growing levels of unemployment and homelessness. Around 13.5 million people were living in relative poverty in the UK in 2007/2008, which is a fifth of the population (The Poverty Site, 2010¹⁰). Townsend's classic definition of poverty suggests that the *context* of poverty can only be understood objectively rather than subjectively and applied consistently in terms of relative deprivation in any given society. As such, "individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary in the society to which they belong" (1979:31). However, it may be argued that this definition still leaves itself open to subjectivity. Indeed, what can be objective about a notion of "customary in the society to which they belong"? Perhaps, then, the notion of 'relative poverty' is a more accurate term, where the overall standard of living in any society is taken as the measure (Farrington & Slater, 2006).

During the last decade, academics have focused on revealing a more holistic account of poverty. The earlier works of Lupton (2003) considered the dynamics of neighbourhood decline in telling the story of poverty. While Fitzpatrick (2005b) examined the concept of 'poverty of place' suggesting that spatial concentrations of poverty, and wealth, exacerbate the hardship faced by people living in poverty. More recently, Dorling, Rigby and Wheeler (2007) have focused on the longitudinal and historical analysis of poverty, wealth and place in Britain to meaningfully capture the difficulties faced by marginalised people in the UK.

¹⁰ Retrieved March 25, 2010 from <http://www.poverty.org.uk/summary/key%20facts.shtml>.

Fitzpatrick's (2005b) paper highlighted crucial evidence regarding the relationship between 'social justice', 'social cohesion'¹¹ and 'poverty of place'. This is particularly important because the costs of 'poverty of place' to social justice have a critical impact on the lives of vulnerable people, including homeless people. The costs are threefold. First is stigma, which reflects negative neighbourhood reputations and potential discrimination in employment and access to credit, the consequence of which is likely to negatively impact mental health (Fitzpatrick, 2005b). Second are social networks, which suggests that people on low incomes lack 'bridging' or 'leverage' social capital ties that could connect them to wider and different social networks and therefore potential access to other resources such as jobs, housing and knowledge sharing for example. On the other hand some have strong 'bonding' social capital ties, which help them to manage their situation, i.e. 'support' social capital. Although, one could argue that those who end up homeless have lower levels of 'bonding' or 'support' social capital in comparison to other people in poverty (Dorling, 2007). Third is the fear of social conflict, crime and anti-social behaviour. The policy response thus far has been to implement 'place' based interventions, which include 'area-based initiatives' (ABIs) and mixed income based communities (Syrett & North, 2008).

Arguably the most important feature of Fitzpatrick's (2005b) paper is the clear link made between the profoundly social dimensions of poverty - neighbourhood based stigma, restricted life chances, narrowed horizons, fear of local anti-social behaviour and crime - and the material effects of poverty. It may be argued that uncovering the social as well as the material aspects of poverty brings to light a combination of aspects, which in the current economic climate, may indeed be the starting point of an individual or family entering homelessness.

Hills and colleagues (2010) approach the individual risk factors associated with homelessness by examining the link between poverty and inequality. This work may have taken place in response to concerns in the field about a lack of understanding about the

¹¹ While social justice and social cohesion are sometimes used interchangeably under the rubric of social inclusion, Fitzpatrick (2005a) argues that they are distinctly different. Social justice relates to the distribution of goods in society and social cohesion, on the other hand, relating to the bonds that tie society together.

social and economic factors driving homelessness, particularly with regard to their impact at local level (Joseph Rowntree Foundation, 2000). Hence, Hills and colleagues (2010) latest report seeks to address this issue by providing a more consistent analysis of the relationships between economic inequalities and people's characteristics and circumstances, and how they develop across the life cycle. They identify a number of economic and social factors - through quantitative survey techniques - to document the extent of inequalities across the UK. The outcomes reviewed include education, employment status, earnings of people in paid employment, individual income (after tax), equivalent net income (calculated as the total receipts of the household that someone is a member of) and wealth. It is interesting to note that the evidence presented by Hills and colleagues (2010) suggests that social factors appear to impact on inequality more. For example, that the qualifications of one's parents determine a child's school readiness based on parental income and mother's education. Thus, the early years of a child's life has specific resonance with the kind of path their life will take and ultimately the degree of inequality they might face.

Despite the illuminating findings the study is somewhat limited by its methodology as the analysis depends on large-scale national sample surveys, such as the Labour Force Survey (LFS) or the Family Resources Survey (FRS). This means that important groups such as the 'hidden' homeless and 'rough' sleepers are not covered by the research. Inequality as a measure or potential cause of homelessness is difficult to ascertain from this study because arguably the 'hardest to reach' are not measured. As such the previous discourses on poverty and multiple disadvantages fall short of addressing the profoundly social nature of many of the problems faced by marginalised socially excluded groups (Fitzpatrick, 2006b). However the most recent work on poverty and homelessness by Fitzpatrick and colleagues (2011a) seeks to address this issue.

While homelessness research has continually indicated that a large number of homeless people come from a situation of poverty, similarly, not all people living in poverty, experience homelessness (Fitzpatrick et al, 2000). Fitzpatrick and colleagues (2011a) mixed method study, which measures the homelessness effects of the post-2007

economic recession, rising unemployment, housing downturn and A8¹² migration, seek answers (among others) to the question of what is it about poverty that could cause homelessness *rather than* what proportion of poor people are homeless. Taking a critical realist perspective the research goes beyond simple societal explanations of the causes of homelessness, such as an inability to compete in a tight and expensive housing market, to suggest a more complex connection to poverty and homelessness. In that context it is often the interaction between poverty and a range of other potential mechanisms (Fitzpatrick, 2005a), individual, interpersonal, and structural that can be found in homelessness causation. Therefore when these factors are combined (mental health problems, domestic violence and unemployment for example) - notwithstanding their own causal interrelationship - the probability of homelessness is likely to increase. As such poverty is a *single* factor in the stratification of homelessness causation. Also present within this matrix, is social exclusion, to which we now turn.

Social exclusion is about more than income poverty (Dobrowolsky & Lister; 2006). Social exclusion aids the homelessness paradigm by identifying the two-way process that exclusion can have for homeless people; as both cause and a consequence of homelessness. Social exclusion also refers to multiple aspects of exclusion, which reflects well the multidimensionality of homelessness as the following quote portrays:

"...Social exclusion is a complex and multidimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole..." (Levitas et al, 2007:9).

The early work of fellows at the Centre for Analysis of Social Exclusion (CASE) (Atkinson, Le Grand, Richardson, Hills and others) suggests that there are four elements to social exclusion; multiple deprivation; relativity; agency and dynamics. Atkinson and Hills (1998)

¹² A8 migration is the term used to signify the accession (or joining) of eight former Soviet-bloc countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) in Eastern Europe into the European Union in 2004 (Shelter, 2011b).

claim that social exclusion is about more than simply income poverty and/or a lack of employment, other factors such as an absence of community or social networks are also important. For example people may experience *multiple deprivation* due to unemployment *and* homelessness, including loss of peer networks and feelings of isolation. *Relativity* suggests that social exclusion is not absolute, in other words, there is no 'absolute' measure, and thus no 'tipping point' at which an individual is suddenly considered excluded.

Agency arises because exclusion is an act, suggesting that there are agents who undertake that act (employers and landlords for example). People could experience aspects of exclusion themselves i.e. voluntary exclusion but it is more likely that agents who experience exclusion are part of the wider society where structural forces suggest that their exclusion is involuntary and detrimental to their future well-being (Atkinson & Hills, 1998). For example people may face considerable barriers to work. From an individual perspective; lack of education and skills, experiences of the care system, employment gaps, having a criminal record, lack of work experience, outdated skills, relationship breakdown and caring responsibilities. From a structural perspective; lack of jobs, welfare reform (e.g. cuts to housing benefit) and access to affordable housing, for example. These aspects are well known in the homelessness literature. Finally the *dynamic* aspect of social exclusion considers how exclusion occurs by not only being without a job or income but with little prospects for the future, which therefore entrenches social exclusion and deprivation. Furthermore, 'dynamic' also suggests that social exclusion changes and people move in and out of being excluded.

To further aid understanding of social exclusion and identify its position as both a cause and consequence of homelessness, Levitas (2005) outlines three social exclusion discourses. Namely: a redistributionist discourse (RED) developed by British critical social policy, where the primary aim is to tackle poverty; a moral underclass discourse (MUD), which centres on the behaviour and morals of the excluded; and the social integrationist discourse (SID) where the focus is on the normalising aspects of paid work and the impact of exclusions from it. In Lister's (2004) review of Levitas' (1998) social exclusion discourses she argues that the previous Labour government's approach to tackling social

exclusion adopted a combination of the three approaches. First by employing the definition of the RED model, which embraces notions of citizenship, social rights and social justice. Second by incorporating the language of 'welfare dependency' as associated with the MUD approach. Third and perhaps most crucially is the central underpinning of the SID model, which narrows the discourse of social exclusion/inclusion to participation in paid work. The SID model is emphasised by policies which were aimed at enhancing employability¹³ including, New Deal and New Deal for Young People (Dobrowolsky & Lister, 2006). This combination of approaches was attributed to the former Labour government's 'Third Way' rhetoric.

As such, the SID model appears to fit well within Esping Anderson's neo-liberal typology of the welfare state, which is favoured by the UK government and encourages full employment (Esping-Andersen, 1990). This contributes to the understanding that unemployment and social exclusion are inextricably linked. As Levitas (2005) argues, a discourse about social exclusion which focuses on integration through paid work tends to reduce the social to the economic, and simultaneously limits understanding of economic activity to market activity. In other words, the inclusion agenda is shifted away from equality because the signifier of equality is engagement in paid work. As opposed to unpaid work such as domestic labour, mutual aid and informal cash in hand work. For some, particularly homeless people, paid work may not be an option due to the multifaceted nature of homelessness and the barriers to employment - such as low qualification levels, depleted 'motivation' and low 'aspiration', lack of job search skills and recent work experience, ill health or disability, reduced social networks and cultural and language barriers and coping strategies (ONS, 2007) - which it presents. In this context it may be argued that the Big Issue has been a successful project for homeless people because it does not focus on formal employment but instead the idea of 'making a living'. Although critics would say that it keeps the homeless in that 'ghetto'. However

¹³ The term employability is adopted throughout this thesis as a holistic term, which highlights various elements associated with finding and maintaining work. Such element include: skills and knowledge such as basic numeracy and literacy skills and personal attributes and attitudes including reliability, common sense, attitudes to work, integrity, problem solving and self management (Introduction to Employability Skills, 2012).

there is an argument that focuses on employment as the single most effective way of moving people out of poverty, which was taken forward by New Labour.

Both Levitas (2005) and Lister (2004) agree on the multidimensionality of social exclusion and that social exclusion and aspects of it may be both a cause and consequence of homelessness. However, they suggest that the discourse is better used as a holistic variable concept rather than a monolithic programme of measurement. Essentially, Lister (2005) maintains that a RED inspired strategy, which looks at both the material and non-material elements of poverty and across a range of dimensions of inequalities is likely to give the best conceptualisation of social exclusion and therefore provide a more nuanced understanding of the causes and consequences of homelessness. The former Labour government's model (SID) of social exclusion was however heavily focused on work and the links between employment and exclusion.

More recent work by Levitas and colleagues (2007) considers a deeper level of social exclusion. They elaborate on the two-way process between social exclusion and homelessness by delving deeper into the social exclusion paradigm to offer a more specific degree of social exclusion, namely deep exclusion:

"...Deep exclusion refers to exclusion across more than one domain or dimension of disadvantage, resulting in severe negative consequences for quality of life, well-being and future life chances..."(Levitas et al, 2007:9).

The multidimensional analysis that Levitas and colleagues (2007) adopt, moves the social exclusion debate forward and with renewed focus to consider the specific aspects of exclusion such as homelessness. They also maintain that the 'deep' exclusion definitions permit differentiation between risk factors, which may signal greater vulnerability for certain marginalised groups, and triggers, which can have direct causal impact. Their quantitative study involved looking across four stages of the life course, namely: childhood, youth, working-age adulthood and later life and adopting the *Bristol Social*

Exclusion Matrix (B-SEM) which contained ten dimensions of potential importance in social exclusion¹⁴.

The main purpose of the project was to explore the scope for the analysis of 'deep' exclusion or multiple disadvantages across a range of existing data sets and identify gaps in the knowledge base and potential strategies for addressing those gaps. A key finding was that the data collected on aspects of disadvantage in existing and administrative data sets did not cover the social exclusion elements identified in the B-SEM and therefore omitted those most at risk from social exclusion. However, this is not a recent phenomenon as Fitzpatrick and Klinker (2000) suggest, those at most risk of social exclusion, for example in holding institutions, on low incomes, ethnic and religious groups, have been periodically unrepresented in household surveys. Essentially the consequence is that current information bases exclude people who experience 'deep exclusion', which include, arguably, a large number of whom face or experience homelessness.

Despite the methodological problems associated with the social exclusion paradigm Fitzpatrick (2006a) stimulates the debate by suggesting that a move from an organisational to a people based focus of analysis would provide a more rigorous account of the relationship between homelessness and other forms of acute social exclusion, such as unemployment. The parameters of her research aim to focus on those who have experienced or are experiencing homelessness. More specifically, her suggestion is to focus on homelessness as a consequence of 'deep' social exclusion rather than an outcome simply of housing market pressures.

Perhaps the most illuminating aspect of Fitzpatrick's (2006a) proposal is her attention to those who should be responsible for tackling homelessness in terms of: the role of the state and the current welfare regime employed; the role of the voluntary/charitable sectors; faith based organisations; the private sector; family and personal responsibilities and; importantly, a critical appraisal of the role of the 'homeless' industry (pressure

¹⁴ See appendix 3 for the Bristol Social Exclusion Matrix (B-SEM) table.

groups, charities, academics, and statutory sector), in the 'construction', perpetuation and prominence of homelessness as a social issue (Fitzpatrick, 2006a:11). Moreover, building on this and drawing on Levitas and colleagues (2007) work on 'deep social exclusion' is her more recent study with colleagues Johnsen and White regarding 'multiple exclusion homelessness' (MEH). The study - which uses a multi-stage quantitative methodology of MEH in seven urban settings across the UK - suggests that a high proportion of overlap between a number of 'deep social exclusion' (homelessness, substance misuse, institutional care, and 'street' culture activities, such as begging and street drinking) factors exists amongst people accessing low threshold support services aimed at other facets of deep exclusion, such as drug misuse (Fitzpatrick, Johnson & White, 2011b).

Such overlap of 'deep exclusion' issues presents evidence to suggest that homelessness is a predominant form of exclusion (Fitzpatrick et al, 2011b). Arguably the strength of Fitzpatrick and colleagues approach lies in the attempt to uncover homelessness and its causes and consequences in a variety of settings and across a range of dimensions associated with exclusion. Without such an all-encompassing approach the finer manifestations of social exclusion in relation to the possible causes of homelessness appear random and perplexing.

Moving from scholarly debates to the contemporary policy environment, the Coalition government has not made a departure from Labour's tripartite approach to social exclusion, with particular emphasis on the SID model. Couched within the Coalition's 'Big Society' philosophy for structural change, documents such as the *State of the Nation Report: Poverty, Worklessness and Welfare Dependency* (DWP, 2010), changes to Welfare Reform policy and conditions set out in the Localism Act provide insight into government approaches to social exclusion. The *State of the Nation* report sets out a comprehensive assessment of poverty in the UK in 2010. Key statistics from the report show that one in ten people live in persistent poverty, and there are 800,000 more working age adults in poverty than in 1998/99; 1.4 million people in the UK have been on out-of-work benefit for nine or more of the last ten years and health inequalities are higher now than they were in 1970s (DWP, 2010). The aim of the report is to guide the Coalition's policy

response to social exclusion during the next parliament. It is important to note however that the highlights from the report focus heavily on employment considerations and welfare. This is perhaps an initial indication that the Coalition intends to embrace Labour's SID approach. On a more positive note the report acknowledges that social exclusion, embedded by poverty, is a multifaceted and wide-ranging problem. Although it offers little in the way of concrete steps forward to address the worrying figures associated with poverty and social exclusion, the Welfare Reform Act is perhaps better placed to address the issues highlighted in the report.

The Act makes comprehensive changes to the benefits system. The aims are to simplify welfare, reduce the number of those in poverty, thus reducing social exclusion, and ensure that work pays a decent wage. On the surface these proposals appear to modernise the State's approach to welfare. For example Universal Credit (UC) will see existing benefits such as Jobseekers Allowance, Employment and Support Allowance, Income Support and Housing Benefit combined. The estimated outcome of Universal Credit is to see 350,000 children and 500,000 adults lifted out of poverty. This streamlining of welfare should make the processes of application more accessible and adjustable when people move in and out of work, a key element in addressing exclusion issues. However at the micro level proposals such as reducing spending on Housing Benefit and capping benefits overall¹⁵ alongside sanctions imposed on claimants who do not comply with work related requirements (Crisis 2011) could see levels of homelessness rise and gaps in social exclusion widen.

The Localism Act 2011 also presents significant challenges to the social exclusion discourse. The Act provides for local authorities to be able to discharge their homelessness duty to the Private Rented Sector (PRS) and social landlords are also able to offer flexible tenancies. The consequence of the former being poor quality accommodation and higher rents in a poorly regulated PRS and the latter causing long-term tenure insecurity and the rotation of vulnerable low income families, between social housing and an unaffordable PRS (Shelter, 2011a). In summary, legislation aimed at

¹⁵ The Bill proposes an overall cap on out of work benefits of £500 per week for a family and £350 per week for a single person.

tackling social exclusion does not seem to be far removed from the heavy emphasis on employment as demonstrated by the former Labour government. However, more troubling is that the changes to legislation are set against the backdrop of a reduction in welfare support; and with the closure of the Social Exclusion Task Force Unit in November 2010 (CN4B, 2010) it is difficult to be optimistic about the future of social exclusion under the Conservative-led Coalition Government.

2.3.5. Welfare regimes

A further influence on how homelessness might be viewed from the structural perspective is as a result of the type of welfare regime developed within the state. This moves the analysis forward to the idea of the social construction of homelessness. By taking a historical view of state intervention and welfare approaches it is possible to see a gradual shift toward expanding state intervention from the early twentieth century towards the end of the 1970s. This era is closely allied to the social democratic model in Esping-Anderson's 1990 typology (Anderson, 2004). Following this the New Right government of 1979-97 saw the significant re-shaping of the UK's welfare state resulting in the neo-liberal model, again characterised by Esping Andersen (1990), which embodies individualism and the primacy of the market (Anderson, 2004). Meanwhile, the period of New Labour and the 'Third Way' in social policy (1997-2010) did not see a return to the social democratic model and instead was viewed as 'roll out neoliberalism' (Anderson, 2004; Peck & Tickell, 2002).

At present the UK fits in the liberal welfare model. This approach prioritises economic growth and efficiency and seeks to design policy interventions to avoid 'welfare dependency', target welfare benefits and keep state intervention to a minimum to permit the market to allocate goods and services (Goodin, Headly & Muffels, 1999; Benjaminsen, 2009). This model characterises high levels of poverty/inequality, high levels of employment and low levels of unemployment (compared to other models of welfare presented by Esping-Anderson such as the social democratic model), high part-time female employment, with a lack of childcare provision permitting full-time employment, and emphasis on means-tested benefits (including support for job seekers, carers and

disability allowance and housing benefits) paid at low levels and more recently in-work assistance (such as tax-credits) (Stephens & Fitzpatrick, 2007).

Although this is a simplified account of the ideology that leads policy interventions in homelessness, it sets the groundwork for policies that may inadvertently perpetuate homelessness. For example policies that restrict access to welfare benefits (especially cash benefits), support home ownership (opposed to investing in more social housing), and promote privatisation of public services (Kemeny, 2001; Benjaminsen, 2009). Such approaches leave the market open to a higher degree of residualisation than in the past to meet the needs of the most marginalised. Furthermore, the high levels of poverty and inequality associated with the UK liberal welfare model demonstrates particularly high levels of homelessness due to the reduced purchasing power of lower income households. This leaves the resulting homelessness population vulnerable to issues regarding access and affordability of housing (Stephens and Fitzpatrick, 2007).

The following discussion considers the policies of the Coalition government and how legislation, couched within a liberal welfare model, may impact on homelessness in England. The most important elements of which are welfare reform, especially cuts in housing benefit, including associated funds such as the *Supporting People* programme, and the 'Localism Agenda'. The welfare 'safety net' in general, particularly housing benefits, is there to buffer the impact between losing a job, especially if it is persistently low-waged, and homelessness. Therefore recent welfare reforms by the Coalition government are likely to have an adverse effect on levels of homelessness (Fitzpatrick et al, 2011a). This, in turn, will make it difficult for vulnerable people to seek and maintain employment as well as placing increased demand on public and third sector organisations supporting homeless people back into employment.

First, and touched on earlier in the chapter (section 2.3.3), are Housing Benefit and Local Housing Allowance (LHA). The current housing benefit system creates huge barriers for people trying to move into work from benefits (unemployment trap) and for those looking to increase their hours (poverty trap). For example, a person working 16 hours a week in a low-income job will only be £8.63 a week better off than if they were

unemployed. This does not take into account the other costs incurred with employment such as, travel, clothing and childcare (Crisis, 2008b).

Despite considerable increases in claimants securing accommodation in the PRS - 923,000 to 1,455,000 May 2007 (DWP, 2011) - and therefore potentially avoiding homelessness, concerns were raised about the costs of the LHA to the state, particularly where people were claiming in expensive areas such as London. As such the Coalition government has made a number of minor but significant changes of which the following are deemed most critical to homelessness outcomes. First LHA rates for private tenants are based on the 30th percentile rather than the median market rate. Second a maximum rent for private renters is provided if the actual rent is below the LHA rate. Third is the 'shared accommodation rate' (SAR), which has been extended to single claimants aged 25-34, including under 25 year olds. Fourth is the uprating of non-dependent deductions (NDDs). As well as these amendments, which have already taken effect, forthcoming changes such as new LHA being based on the Consumer Price Index (CPI) rather than local rents (from 2013) and cuts in housing benefit to social tenants of working age who are considered to be 'under-occupying' their properties (Fitzpatrick et al, 2011a).

The above welfare reforms are likely to result in claimants being restricted access to the PRS in certain areas across England (London for example); vulnerable people forced into sharing inappropriate shared accommodation (with respect the SAR) and increased NDDs that could increase rent arrears and force young people out of the family home. Consequently, issues of debt and arrears feature as a major barrier for homeless people when trying to move into a stable home and employment (Homeless Link, 2010).

As well as these significant changes in welfare reform other aspects such the Work Programme and the 'Localism Agenda' have further implications for homelessness. The Work Programme places conditions on claimants to encourage participation in paid work (often low paid), which, if not undertaken, could see claimant's benefits reduced or withdrawn. The Work Programme has not only impacted vulnerable individuals but also homelessness organisations that have had their statutory budgets cuts and been forced to apply to the Programme without success. The result being a number of 'back to work'

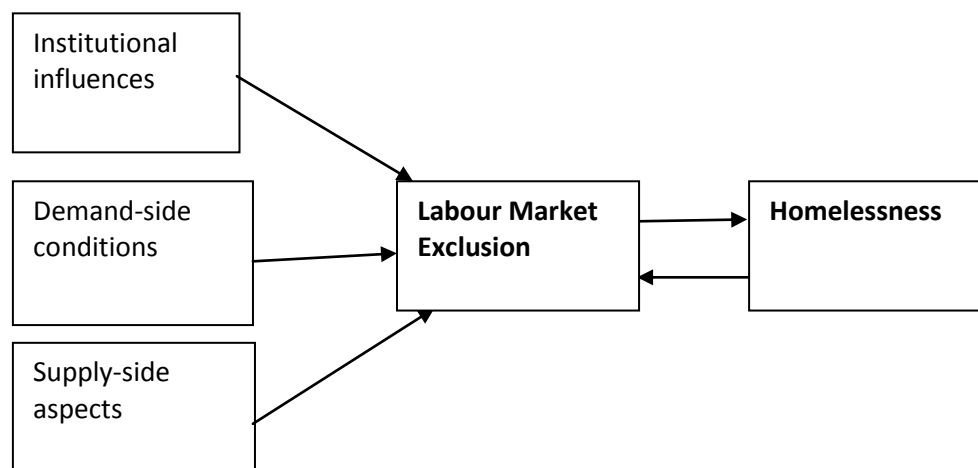
schemes facing future uncertainty (See Chapter Seven, section 7.3). Notwithstanding issues around low paid work being potentially exploitative many vulnerable people with chaotic lifestyles may not be able to go to necessary (sign-on job centre appointments) and/or attend regular work (Fitzpatrick et al, 2011a; Fitzpatrick et al, 2011b). Moreover, the Localism Agenda seeks to undo much of the good work of previous national homelessness frameworks, which will be decentralised, with more decision-making at local level. Critically, this includes ending the ring fence on the *Supporting People* (mentioned above) funding scheme and allowing local authorities to discharge their statutory homeless duty to the PRS. This raises major affordability and access concerns regarding social and housing support available not only to vulnerable groups (Fitzpatrick et al, 2011a) but also to homelessness organisations and homelessness social enterprises as many of them depend on statutory grants to deliver employment initiatives.

Furthermore, the state relies heavily on the involvement of the voluntary and community and charity sectors to deliver services for homeless people to address gaps in state provision. This is an extension of the role that social enterprises increasingly began to play under New Labour (Teasdale, 2010b). It may be argued that this means the state is depoliticising the issue and negating responsibility. The extent to which state professionals work in 'silos' does not help either because multiple problems such as those experienced by homeless people require appropriate 'joined up' solutions.

2.3.6. Homelessness and labour market exclusion

The interaction between homelessness and labour market exclusion is complex. The key elements of this relationship highlight the difficulties faced by homeless people trying to access work from a number of perspectives, which the following figure (2.2) and subsequent discussion outlines:

Figure 2.3: A conceptual framework for understanding the relationship between homelessness and labour market exclusion



Source: Literature review and qualitative data analysis

Institutional influences, many of which are the result of state policy responses to market failures, (Sanderson, 2006) significantly impact labour market exclusion. Factors include inadequate pay, conditions and irregular working as well as lack of employment services seeking to match unemployed individuals to employment opportunities and training schemes. The housing market, public transport and access and affordability of childcare are also important markets associated with local and institutional influence (Syrett & North, 2008) concerned with approaches to tackling labour market exclusion.

The second element, demand-side factors, affect the “quantity and quality of jobs in the local labour market” as well as the “nature and extent of segmentation of the job market” and this includes opportunities that exist for vulnerable people (Syrett & North: 2008:108). A change in the nature and location of jobs, which may lead to skills and spatial mismatches, is also important. This can be compounded by ‘area effects’, such as poor transport links, lack of information about available jobs and stigmatisation of particular areas (Social Exclusion Unit, 2004).

The third aspect comes from supply-side factors, which operate at the individual and household level; constituting the labour force. This includes individual's access/achievements related to education and training, employment history and caring responsibilities. Spending time dealing with benefits claims and the financial gaps between welfare support and wages as well as the need for suitable work clothing (Singh, 2005; Crisis, 2008a) are further key individual aspects associated with exclusion from the labour market. At the household level, family structure (particularly lone parents), work history, health (physical and mental) and ethnicity also feature in the interaction between homelessness and exclusion from employment (CLG, 2006a).

At the local level, social networks and interactions coupled with 'peer' influences regarding attitudes toward employment, as well as information about job opportunities (Syrett & North, 2008) heavily influence access to employment. Moreover, problems with associated support services being based in city centres, which make it difficult for those, living in rural areas, with childcare needs and/or 'access' needs to travel into town to work (CLG, 2006a). Thus *where* someone lives impacts considerably on access to employment. Indeed, geography matters most for those with low skill levels: they have fewer opportunities and face more constraints in the labour market than those with higher skills (Green & Hasluck, 2009).

Lack of labour market opportunities, particularly for single homeless people (Anderson, 1990) with multiple exclusion issues (Fitzpatrick et al, 2011b) is a critical cause and consequence of homelessness. Developing skills, preparing for work and finding a job are important steps out of homelessness. The Homeless Link's (2010) SNAP survey¹⁶ (Survey of Needs and Provision) shows that at least 70 per cent of those who are homeless and formerly homeless would like to be in paid employment. While some homeless people have previously held jobs, many have few, or no, qualifications and problems still remain in getting skills and employment agencies to work with homeless people. To help address these issues, practitioners suggest that The Department for Work and Pensions (DWP) needs to work more closely with employment agencies to encourage them to work with

¹⁶ The 2011 and 2012 SNAP surveys provide no alteration regarding this statistic.

people who are homeless, and in particular partner with homelessness services to reach homeless people (Homeless Link, 2010).

The following discussion considers the causes and consequences of the co-occurrence of homelessness and labour market exclusion in more detail through the analysis of policy responses from the early years of the former 'New' Labour government (1997-2010) to the current Conservative-led Coalition (2010-onwards). Tackling homelessness was integral to consecutive Labour governments' 'social exclusion' agendas from 1997, the start of their first term in office. In fact, *Rough Sleeping* was the first report produced by the Social Exclusion Unit (SEU) setting out plans to address 'rough' sleeping (Wilson, 2012). Despite being criticised for only focusing on the most 'visible' form of homelessness, the report highlighted that it was a form of social exclusion and not merely a housing problem (CLG, 2003; Fitzpatrick et al, 2011b). To meet these ends there was increased focus on the role of the third sector, the volunteering discourse and a new emphasis on preventing homelessness in the first instance (Pawson, 2007).

Coupled with these mandates were policies to introduce local homelessness strategies, and the *Supporting People* fund (launched in 2003) and Hostels Capital Improvement programmes (introduced in 2005) as well as extending automatic priority need to 16 and 17 year olds and some groups of care leavers (from 2002). Local authorities together with their voluntary sector partners had installed programmes, which led directly to the establishment of new, enhanced, and more flexible support services for single homeless people (Fitzpatrick et al, 2011b). At the macro level it appears that these policies have been successful in reducing levels of 'rough' sleeping, preventing and reducing youth homelessness and prompting a decline in statutory homelessness (until recently) since 2003 (Pawson, 2007).

The 'New' Labour years have been characterised by supply-side focus (Syrett & North, 2008) on tackling labour market exclusion through a number of employment strategies. Predominantly New Deals, (1997), which included (although were not exclusive to) efforts to assist individual's to overcome barriers to work and various area-based programmes (Action Team for Jobs, 2000-6 and Pathways to Work, 2003-) which were introduced for

those most disadvantaged and furthest from the labour market (Syrett & North, 2008). The success of the New Deal initiatives was varied. Connexions, established in 2000, replaced the Careers Service but operated on a more holistic basis, and offered a broader spectrum of services, with employment as the main focus. Entry to Employment (E2E), set-up in 2003, was created with a view to supporting the needs of 'at risk' parts of the population (Lownsborough, 2005). These programmes were criticised by commentators for failing to address the structural causes of unemployment and lack of jobs in the local labour market (Peck, 1999). Moreover, while some of these initiatives were designed with 'deeply excluded' adults and homeless people in mind, in a number of cases they did not suit the complex levels of support required by 'deeply excluded' groups. Therefore the programmes only suited those who were closer to the labour market with fewer initial support needs, such as mental health and drug misuse support (Sunley, Martin & Nativel, 2002).

Furthermore, these measures were linked with the receipt of welfare support to participating in training 'active' job search and undertaking low paid work. The aim being to incentivise unemployed and 'workless' people and provide the skills to seek employment. This is where the ideology of conditionality and welfare support began to evolve in 'New' Labour's approaches to reducing social and economic exclusion. The 'Skills Agenda', which included educational qualifications and work-related skills, particularly for young people aged between 16 and 18 who were not in 'education, employment or training' (officially termed 'NEETS') was also (and still is) a strong, supply-side, focus of government attention.

Institutional factors, under 'New' Labour, such as the complex benefit system (as stated earlier in the chapter, see section 2.4.3), particularly housing benefit, also made it difficult to make the break between leaving benefit and going in to work, compounding the link between homelessness and labour market exclusion. For example, previously when a person returned to work, their level of benefit was reduced, commensurate with their level of earnings. This caused a benefits 'taper' or 'withdrawal' rate for housing benefit, which was extremely high (Crisis, 2008a; Green & Hasluck, 2009). The outcome is that for those who made the attempt to move out of homelessness and take steps to get

work found the loss of benefits created significant financial problems. For other people the route out of homelessness involves study and qualifications but historically housing benefit restrictions have made it difficult. First by restricting housing benefit for those in education for more than 16 hours per week and second, by restricting the shared accommodation rate¹⁷ for under 25 year olds and extending it to single claimants aged 25-34. Further still housing benefit may be cut altogether for under 25 year olds (The Guardian, 2012b¹⁸), thus impacting on young people's ability to find accommodation (Fitzpatrick et, 2011a).

Other programmes, however, have been more successful. The Future Jobs Fund Initiative (introduced in 2009) for example was an important tool in supporting long-term unemployed people into employment. The £1 billion scheme targeted government funding towards organisations that might not otherwise be able to afford to take on new staff, small and medium sized enterprises (SMEs) and third sector organisations for example. Three of this project's case studies have all provided six-month work placements to people who have been long-term unemployed and received funding through the Future Jobs Fund scheme. However, despite calls from organisations such as Crisis to extend the programme, the Coalition withdrew funding in March 2011 and decided not to extend the programme to 2012 (Crisis, 2012b).

Moving forward the Coalition government has proposed to introduce the 'transition into work' payment to address labour market exclusion. The idea is to address the financial difficulties many claimants face when they move off benefits and into employment. The two key issues for claimants during this period are the loss of payments towards rent and the unanticipated costs associated with moving into work, such as travel, clothes and childcare (Shelter, 2010b). These proposals seek to ease the move into work over the long-term, but there is no clear evidence to suggest that they will. Moreover cuts in housing benefit (see section 2.3.4) work against the government's aim to incentivise

¹⁷ This term describes a set of measures to further restrict the rights to housing of young people (Homeless Link, 2010).

¹⁸ Retrieved November 2, 2012, from <http://www.guardian.co.uk/society/2012/jun/24/housing-benefit-under-25s-welfare>.

people to secure jobs. Universal Credit (see section 2.3.5) is also positioned within the matrix of employment strategies. Central to this is a unified benefits system, with a single 'taper' rate where benefit is withdrawn as earned income rises (Fitzpatrick et al, 2011a). Under the UC claimants would be subject to marginal deductions from additional earnings at a maximum rate of 76%, this is considerably lower the current system allows and for those working less than 20 hours a week, the marginal deduction rate is intended to be 65%. Although contingencies will be in place to support the transitional 'taper' period, lone parents, in particular, will be worse off under UC (Institute for Fiscal Studies, 2011).

Despite the proposed changes to the benefit system to ease access to work, it is important to note that formal employment is not the only solution for people that are homeless or indeed vulnerable to homelessness (Singh, 2005). Other modes of 'work', particularly for those homeless people with multiple exclusion issues who are not able to work and perhaps viewed as 'unattractive' to potential employers, such as self-employment, enterprise start-up, volunteering and training can build social capital and reduce barriers to employment.

A further example of the Coalition government's approach to addressing labour market exclusion is the Work Programme (also see section 2.3.5). The initiative proposes a combination of apprenticeships, workplace training and internships and requires claimants to undertake unpaid work in return for welfare support. This initiative should go some way towards addressing supply-side issues but there is considerable doubt that it will and homelessness campaigning organisations, such as Crisis, St Mungo's and Homeless Link have strong reservations regarding the ability of such schemes to address unemployment (Crisis, St Mungo's and Homeless Link, 2012). For example, recent research by Homeless Link (in partnership with St Mungo's and Crisis), shows that just 3.5% of those referred to the scheme have found "sustained" jobs and 20% had their benefits sanctioned during the scheme (Homeless Link, 2012).

Despite Labour's advances through the Future Jobs Fund and the Coalition's focus on apprenticeships and support to find and maintain employment - albeit from a perspective of more traditional right-wing measures associated with conditionality¹⁹ - unemployment and homelessness is still the highest it has been since 1993 (ONS, 2012). In April 2013 2.56 million people were unemployed (based on December 2012 to February 2013 quarter), this figure was up by 70,000 on the previous quarter (ONS, 2013). These figures are bolstered by the post-2007 economic and housing market recessions. For those people in employment, work simply does not pay enough to support households with high rents; this is illustrated by over 90% of new Housing Benefit claimants seeking in-work support (Pattison, 2012).

Exclusion from the labour market is most severe among young people. By the middle of 2011, the unemployment rate (which measures those unemployed as a proportion of those in work or unemployed) among 16-to-24 year-olds was 20%. This is about three times that of the rest of the population (JRF, 2011a). With Coalition government plans to cut under 25 year olds housing benefit it is highly likely that these figures are set to rise and have significant ramifications for levels of youth homelessness.

Future policy approaches need to go *a lot* further to address complex labour market issues. Spatial concentrations of labour market exclusion should be addressed by *both* supply-side and demand-side interventions (Green & Hasluck, 2009). Supply-side measures may concentrate on information about job search, skills development, work experience and confidence building. Demand-side initiatives could focus on childcare provision, specialist health services, debt counselling, money advice and housing-related issues. As well as generating inward investment and localised job creation, which is essential to create a greater number of jobs for people (Green & Hasluck, 2009). Finally, it is important to note that, full employment, which is the general rhetoric of former and current government policy regarding employment does not allow for the fact that the

¹⁹ Conditionality requires claimants to act on or carry out certain activities in order to receive welfare support. In the context of the 'Work Programme' the 'condition' is for people to undertake unpaid work in order to receive payment of benefits.

majority of unemployed people are 'actively seeking work' and not simply 'workless' as political rhetoric might lead one to believe.

In summary rising levels of unemployment coupled with falling incomes and reduction in welfare provision are likely to force the rise of homelessness in the near future homelessness (JRF, 2011a; Fitzpatrick et al, 2011a). Therefore a holistic approach to labour market exclusion is required. Particularly to reach those furthest from the labour market who face multiple barriers to employment. A 'one size fits all' approach addressing homelessness and labour market exclusion would be a mistake and individualisation of interventions, which address all barriers, seems likely to produce better housing and employment outcomes for vulnerable people. Crucially, however, it is the strength of the welfare 'safety net' that is critically important to prevent homelessness. Although the impacts of the Coalition government's welfare reform policies combined with the economic and housing recessions seek to undermine the safety net that exists to safeguard people between the loss of income, or persistently low paid income, and homelessness (Fitzpatrick et al, 2011a).

2.4. Theoretical Insights

Until recently the different causal factors thought to be associated with homelessness, such as, relationship breakdown, poor mental health, insecure and unaffordable housing, poverty and social exclusion, welfare regimes and labour market exclusion, tended to be presented in the academic and policy literature often in an undifferentiated list, with neither their relationship to each other or to wider exploratory frameworks robustly investigated (Fitzpatrick, 2005a). Therefore, theorists, such as Neale (1997), had argued that homelessness debates lacked conceptual and theoretical clarity. However, the recent work of Fitzpatrick and colleagues (2011b), regarding multiple exclusion homelessness, has addressed this issue, through realist's perspectives of the multi-dimensionality of homelessness causation, therefore contributing to theoretical and conceptual frameworks. Notwithstanding this contribution, it is important to put into context the dominant perspectives identified in the literature prior to this recent theoretical work, which have also sought to provide knowledge about homelessness.

According to Neale (1997) former populist approaches to homelessness causation - structural or individual - ignored the complex and varied risk factors that are involved in someone becoming homeless. Factors may include persistent poverty, unemployment, sexual or physical abuse, family disputes, a background of local authority care, experience of prison or the armed forces, drug or alcohol misuse, school exclusion and poor mental or physical health. To challenge populist approaches to the study of homelessness Neale (1997) adopted an interpretivist approach to homelessness research by addressing the needs of statutory and non-statutory homeless people in light of a number of sociological theories including: feminism, poststructuralism, postmodernism, structuration and critical theory.

Although Neale's (1997) work has been referenced by a number of key academics in the homelessness field (Pleace, 1998; Moore, 2000; May, 2000; Cloke & Milbourne, 2000; Anderson & Christian 2003), there appears to be no further work on how to embed her framework in theoretical practice. Furthermore, due to the number of theories incorporated in the framework it seems overly complex. Despite these caveats her work opened up debates about how homelessness should not be explained simplistically and atheoretically as either a housing or a welfare problem, caused by structural or by individual factors. Therefore her approach is deemed to be historically relevant in mediating more modern perspectives on homelessness.

Following Neal's use of critical theory, Kyle (2005) suggests that critical theory is arguably the most appropriate theoretical tool to examine homelessness through intense multi-layered contextualisation. He purports that it allows for the deconstruction of the multiple individual and structural problems faced by homeless people. This is achieved via a thorough analysis of the material, social, political and cultural conditions experienced by the marginalised as well as the affluent. Kyle also asserts that methodological examination of economic, class, gender, racial, ethnic and sexual relations, laws and public policies and interrogation of the discourses and rationalities underlying and facilitating these relations should also take precedence. In essence, it appears that Kyle's (2005) work fits well with the multidimensional nuances of homelessness by drawing on all aspects of society, which may perpetuate homelessness.

The greatest appeal of Kyle's (2005) critical theory approach is his attempt to encourage marginalised people to actively participate in their own emancipation and to call on advocates and academics to facilitate these emancipatory struggles. However, without specific referencing of standpoint theories Kyle's work risks leaving itself open to the notion of 'othering' people, romanticising about their difficulties, without considering his positionality in the process (Stoetzler & Yuval-Davis, 2002). Despite this, his attention to reflexivity is integral to his evaluative chapter and he accepts that the notion of emancipation is rather a grand theory or statement and offers that in fact his work is part of a wider critical theory, which lends itself to other works in the field. His methodology is also time consuming and therefore has the potential to leave many of the cultural, political, social and/or economic arrangements evaluated at a macro level without truly uncovering their true nuances and underpinnings.

Despite Kyle's (2005) attempt to address some of the theoretical and conceptual constraints of homelessness theory, Main (1998) suggests that the majority of researchers choose either individual or structural factors as the 'primary' cause of homelessness and then argue the lesser importance of the other set of factors. Fitzpatrick (2005a) purports that this debate has moved on and the 'new orthodoxy' in terms of conceptualising homelessness is to integrate both individual and structural causes. Indeed, this is useful at a descriptive level but is inadequate at a conceptual level. To challenge the orthodoxy Fitzpatrick (2005a) offers the critical realist perspective, which attempts to break the impasse of 'new orthodoxy' approaches. She argues that the complex, emergent and non-linear exploratory framework employed by realists enables a rational causal analysis to be maintained in the difficult circumstances associated with homelessness.

At a broad level Kyle (2005) and Fitzpatrick (2005a) ground their theoretical approaches in the same epistemologies, both rejecting positivist conceptualisations about statistically significant correlations between 'variables', such as poverty leading directly to homelessness for example. Fitzpatrick (2005a), however, deepens the debate and asserts that realist explanations of social phenomena are not mono-causal and deterministic, as new orthodoxy approaches suggest, but rather the phenomena are underpinned by

complex relationships which are non-linear and thus a small change in any one aspect has the potential to bring sudden and dramatic outcomes.

Fitzpatrick (2005a) and colleagues (2011b) approach looks beyond the positivist approach of trying to correlate homelessness with and attribute homelessness to a number of likely factors and instead concentrates on research evidence that demonstrates a recurring pattern of life events and circumstances implicated in pathways into and out of homelessness. Crucially, Fitzpatrick is offering a theory that considers the varying circumstances of each homeless person in a social system where a multitude of structures are related and identifies scope for human agency within the range of options that these structures enable. It is for these reasons that critical realism (see Chapter Four, section 4.2.2 for further discussion) was adopted to guide this study in relation to the prevailing politics and welfare ideologies of the day. This is because ideologies influence the level of provision available from the welfare state and may greatly impact the causes and consequences of homelessness (Anderson & Christian, 2003).

2.5. Conclusion

In conclusion, there have been various insights into the subject of the causes and consequences of homelessness. The literature demonstrates that there are a number of individual and structural factors that contribute to an individual's homeless outcome. Such factors include: relationship breakdown; mental ill health; insecure and unaffordable housing; poverty and social exclusion; welfare regimes and labour market exclusion. But arguably, most commentators seem to judge that the prevailing cause and often noted consequences of homelessness is the level and accessibility of welfare support available for vulnerable people, issues regarding access and affordability of housing, reduced social capital and exclusion from the labour market - which all lend themselves to instances of poverty and social exclusion - underpinned by a combination of the key factors mentioned above.

From a theoretical perspective attempts have been made to move beyond the 'new orthodoxy' impasse of attempting to combine individual and structural explanations of homelessness. Fitzpatrick's critical realist perspective refutes the positivistic notions associated with using cause and effects variables and instead leads the debate to consider 'real' accounts of balancing causal factors, which may vary, between different homeless groups and at different times.

Further still, policy responses tend to be supply-side driven, focusing on 'discrepancies' in the labour force. This prioritises the focus on the individual agency approach and suggests that unemployment and 'worklessness' is the 'responsibility' of individuals without consideration of what could be achieved from a demand-side perspective, such as local job creation and the strengthening of the welfare safety net. What is needed, therefore, is critical examination of specific policy responses that have tried to mediate the tide of labour market exclusion for vulnerable people and which brings together a more holistic understanding of homelessness and labour market exclusion and attempts to address it. These latter concerns will be attended to in the following chapter (Chapter Three) where social enterprise as one policy response to labour market exclusion for homeless people will be addressed.

CHAPTER 3: SOCIAL ENTERPRISE: AN APPROPRIATE POLICY RESPONSE TO ADDRESS LABOUR MARKET EXCLUSION OF HOMELESS PEOPLE?

3.1 Introduction

This chapter presents the background knowledge on social enterprise required as a basis to understand their role in developing employment and enterprise opportunities for homeless people. The overall aim of the chapter is firstly to present a number of discourses on social enterprises and their location in the third sector with a view to assessing what constitutes a social enterprise and how their social and economic priorities might be balanced. There are numerous discourses surrounding social enterprise, however the following were deemed most relevant for this study 1) the social enterprise for tackling social exclusion discourse 2) the common ownership (economic democracy) discourse 3) the modernised public service delivery discourse 4) the entrepreneurialism discourse and 5) the innovation discourse. Secondly, current literature on social enterprises and their respective models in the homelessness sector will be detailed and critiqued, before assessing the current and future role of social enterprises in the homelessness sector.

3.2 Social Enterprises

Since the late 1990s social enterprises have received increased attention by government, practitioners and academia alike, all seeking ways to better define measure and develop social enterprises. In the UK context in particular, social enterprises are not a recent phenomenon, they have been present in a number of organisational forms - cooperatives, mutual societies and charities - for more than a century. However, it is only in the past decade or so that social enterprises have come to the fore of public policy debates focused on strengthening communities and rejuvenating the economy. This is reflected in the current Coalition government's 'Big Society' agenda. Their proposals give prominence to the part social enterprises will play in public sector re-structuring, filling gaps in services where cuts are made. Also, historically the importance of social enterprises was played out through the previous Labour government's policies dedicated

to a 'Third Way' in bridging the gap between state provision of public services and related social policies to assist those in need.

Many homeless people face considerable difficulty accessing the labour market. One policy response has been to encourage the supply of social enterprises providing employment opportunities to homeless people. Recently organisations operating in and around the homeless sector have led the way in terms of the 'renewed' approach to social enterprise. The Big Issue for example has spread across the UK²⁰ and has been instrumental in the success of a number of spin-off organisations, including The Big Issue in the North, The Big Life Company, and the Crisis Skylight Cafés²¹ for example.

The main purposes of these organisations are threefold. First, to provide income generation through offering goods and services which are provided in a market derived price system, where any surplus is reinvested back into the organisations social aims. It is this 'reinvestment in social aims', which illustrates the social aspect of the enterprise and without which the organisation would not be considered a social enterprise. Second is to provide employment and training by providing the opportunity of work (both in an intermediary labour market setting and formal labour market) and routes into mainstream employment through skills development programmes, particularly for vulnerable groups, such as the long-term unemployed, homeless and those leaving the criminal justice system. The third element is to strive to operate as ethical businesses, where 'fair' working environments and 'decent' wages, for example, feature as part of their ethos. In addition to these main purposes some organisations also campaign for and/or deliver better services for vulnerable people, and help people to start up their own businesses (Amin, 2009; Pearce, 2009).

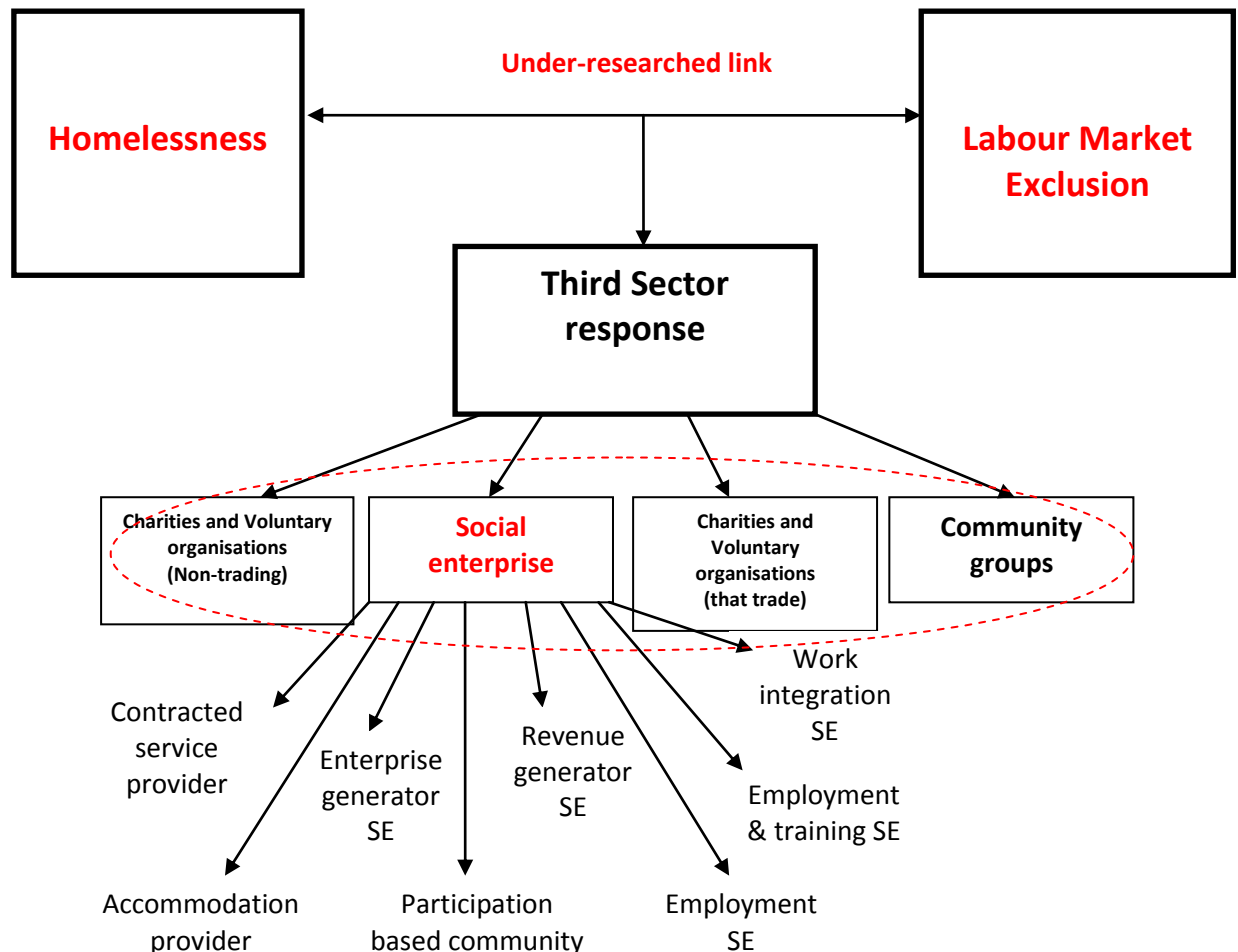
²⁰ Regional distribution centres can be found in London, Manchester, Liverpool, Newcastle, Bristol, Leeds and Glasgow.

²¹ The Crisis Skylight Cafes can be found in London, Newcastle and Oxford. Crisis Skylight Cafes are social enterprises, offering accredited catering and hospitality training and the opportunity to gain practical work experience, <http://www.crisis.org.uk/pages/employment-skylight-cafe.html>.

The homelessness literature has merely touched upon this changing policy landscape. This may be partly attributable to widespread confusion as to what a social enterprise is or does, (Lyon et al, 2010; Teasdale, 2010) about its position in the 'third sector' (Sepulveda, 2009) and whether the paradigm has significant socio-economic scope (Lyon et al, 2010). The main problem is that it is harder to bring social enterprise into focus because of the 'hybrid and poorly defined nature' of the social enterprise form (Borzaga & Solari, 2001: 333). Some commentators also argue that the goal of becoming a profit-making organisation simultaneously delivering social objectives is an illusion (Russell & Scott, 2007). Instead there is a continual struggle to balance social objectives and maintain the levels of income necessary to achieve social outcomes. This is especially true because the profit is not distributed for private benefit (i.e. not for private profit distribution which is a major feature of social enterprise alongside social objectives). Taking the above caveats into consideration and coupled with weak and descriptive theoretical insights about the causes and consequences of homelessness, the link between social enterprise and homelessness remains under-researched.

Additionally, the social enterprise literature has paid little attention to homelessness and in particular those experiencing 'deep exclusion' issues. Apart from notable exceptions, (Teasdale, 2009a; Teasdale, 2010a; Buckingham, 2010a; Teasdale, Jones & Mullins, 2011) as well as a number of works concentrating on other vulnerable groups including, ethnic minorities and former offenders (Nyssens, 2006; Teasdale, 2009b; Buckingham, 2010b; Sepulveda, Syrett & Calvo, 2010; Gojkovic, Mills & Meek, 2011; Ryder, 2011 and Damm, 2012).

Figure 3.1: A conceptual framework detailing third sector responses to homelessness and labour market exclusion



Source: Literature review analysis

Figure 3.1 brings together the three major themes associated with this study; homelessness, labour market exclusion and social enterprise. At the macro level the framework attempts to uncover and indeed strengthen the currently under-researched link between homelessness and labour market exclusion and the paradigm of social enterprise as a response by the third sector to meet the employment and enterprise needs of homeless people. The micro level represents various third sector responses to homelessness and labour market exclusion through charities and voluntary organisations (both trading and non-trading), social enterprise, and community groups. Social enterprise

is one response in its own right, however the circle encapsulating the mechanisms indicates that social enterprise is *also* used by them as a tool for addressing the employment and enterprise needs of homeless people. Finally the framework presents the specific social enterprise models represented in the homelessness sector at the inception of this study prior to any empirical work by the researcher. Crucially this framework seeks to lay the foundations of the key principles of the research, plotting their relationships to one another and drawing upon a number of concepts to help as frames of reference for the study.

3.2.1 Locating social enterprises in the third sector

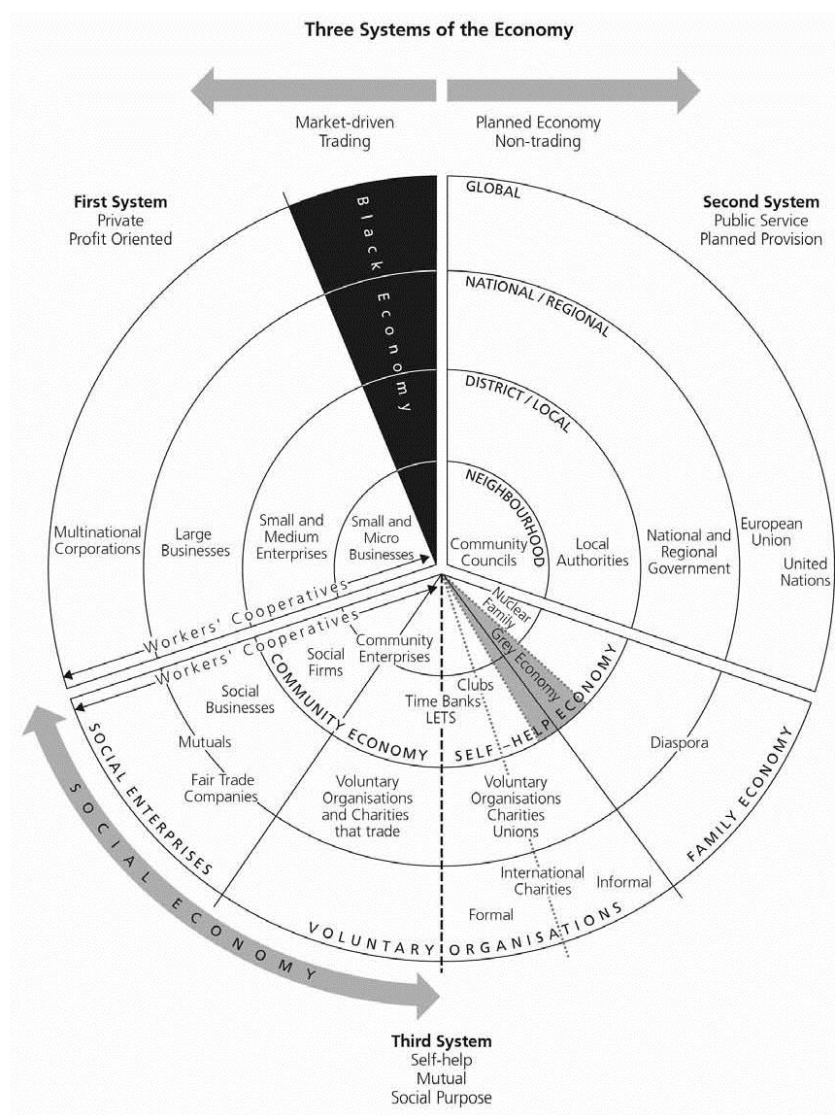
The growing acknowledgement of the third sector in Europe, coupled with the broader-interest in non-conventional entrepreneurial activities responding to current social and economic challenges, has led to the new concept of social enterprise (Nyssens, 2006). The social enterprise term “includes a range of organisational types that vary in their activities, size, legal structure, geographic scope, funding motivation, degree of profit orientation, relationship with communities, ownership and culture” (Peattie & Morley, 2008:7). In simple terms, social enterprises are located within the social economy, which is understood to mean, commercial and non-commercial activity mostly operating in the hands of third sector or community organisations which give priority to meeting social (and environmental) needs before profit maximisation (Amin, 2009). However, in reality the concept of social enterprises and their position in the ‘social economy’ is much more problematic.

Two theoretical approaches to locating social enterprises in the third sector have spread gradually internationally (Defourny & Nyssens, 2006). On the one hand, the not-for-profit school approaches this sector via the statutory ban on the distribution of profits in these organisations. On the other hand, the social economy school, which brings together co-operatives, mutual societies, associations and increasingly foundations, highlights the importance of benefiting their members or a larger collectivity rather than generating profits for investors. This approach also alludes to the democratic nature of the decision making process that underpins social enterprises and the prevalence of people and labour over capital in the distribution of incomes. Despite these theoretical

considerations some commentators still largely agree with the not-for profit school, which does not necessarily consider social enterprise as part of the third sector (Sepulveda, 2009).

To reflect the diverse and complex nature of social enterprises and the third sector in which they operate, Pearce's (2003) model of the "Three Systems of the Economy" can be utilised.

Figure 3.2: Pearce's 'Three Systems of the Economy' (Pearce, 2003)



The model appears to provide a clear schematic representation of the definition of social economy, social enterprise and the three systems of the economy and their inter-relationships. The model clearly identifies three separate systems; the first system pertaining to private, profit-orientated organisations; the second system, incorporating public services and planned provision; and the third system, including self-help, mutual, and social purpose organisations (Pearce, 2009). This third system, which refers to the social economy, embraces a wide range of organisations from the worker-cooperative movement, through to the highly commercially focused social enterprises, which includes voluntary organisations and charities, community organisations and neighbourhood groups. Moreover, social enterprises have no size boundaries and feature at all levels of the domestic and international economy (Pearce, 2009). Although it is important to note that this was not always the case the trend towards the internationalisation of social enterprises is a more recent emergence on an international level illustrated by organisations such as Hill-Holt Wood, New Enterprise Allowance (NEA) and ECT, Community Transport.

Essentially, the third system can be distinguished from the first (private) and second (public) systems by the mode of economic integration centred upon the very purpose of each sector. For example, the private sector integrates around a profit-motive and the public sector around the redistribution of income to address externalities and provide collectively consumed commodities (mainly services) for those unable to access the market. However the third sector is rooted in reciprocity - the exchange of usually non-monetised services and goods on the basis of trust and mutuality. Moreover, the third sector can also be differentiated by the values associated with it: self-help; mutuality; and operating for a social purpose (Bridge, Murtagh & O'Neill, 2009).

Pearce's (2003) model was primarily developed to illustrate a new way of understanding the role and importance of the social economy (or third sector) in relation to the private and public sectors. Pearce (2009) maintains that the 'social economy' is a 'good term' to enable academics and practitioners to bring together the 'social' and the 'economic' and place them in a sphere which does not privilege the traditional neoliberal approach to for-profit commercial enterprise. However, a number of commentators have found that

terms such as the 'social economy' and 'social enterprise' have embedded a mainstreaming process of exactly what social enterprises should or should not constitute (Arthur, Keenoy & Scott-Cato, 2006), the danger being to force social enterprises into a process of homogenisation. This argument relates to the notion of isomorphism, which DiMaggio and Powell (1991) describe as a constraining process that forces one element of a population to resemble other elements that encounter the same set of environmental conditions. The potential impact of isomorphism upon social enterprise is convergence of form and structure and heavy regulation (Paton, 2003). Despite these limitations, Peattie and Morley (2008) argue that Pearce's model of the 'three sectors' of the economy provides a useful starting point for defining and situating social enterprise in the social economy and illustrates the pertinent actors and sectors.

3.2.2 The social enterprise spectrum

Current definitions of social enterprise can be placed along a wide continuum. Ranging from philanthropic organisations at one end of the spectrum and commercially minded, profit focused organisations at the other end. Some enterprises provide services, some sell goods and some provide training and work placement opportunities. In particular the range of services provided alludes to the specific discourse driving the functions of social enterprises. Essentially any marketable good or service can be provided by organisations run on social enterprise principles; this throws up concerns about what may fall under the rubric of services or goods provided with a social aim²². Finally, enterprises can be fully self-sufficient or rely on grant funding; and staff can be paid or voluntary. So it seems that a wide range of organisations exist across the spectrum with different organisational and democratic structures (Bridge et al, 2009). The heterogeneity found across the continuum makes it difficult to come to a universal definition for social enterprise.

²² The English Collective of Prostitutes could be seen to illustrate this point.

3.2.3. Social enterprise and definitional confusion

Controversy over definitions and classifications is a recurring theme in social enterprise research (Peattie & Morley, 2008). Indeed definitional confusion regarding what a social enterprise is and does is talked about widely in the academic literature (See Lyon et al, 2010; Teasdale, 2010b & Sepulveda, 2009; Borzaga & Solari, 2001) and also in the political arena. For example, Russell and Scott (2007) argue that organisations involved in the formulation of definitions along the spectrum are never completely in charge of the directions taken by their agency. They suggest that apparently inconsistent definitions and use of the term social enterprise may be more a reflection of the changing influence of external institutions (such as government) than internal values, strategies and procedures. Amin and colleagues (2002) agree with this standpoint and suggest that social enterprise could be seen as ‘just rhetoric’ a popular term used by politicians and policy makers to distract attention away from decline in certain areas of British industry and response to growing economic and social inequality, as a redeployment of resources instead of the creation of additional ones (Russell & Scott, 2007).

With the above caveats in mind, the UK definition of social enterprise appears to illustrate the arguments put by both Amin and colleagues and Russell and Scott. For example social enterprise in the UK is defined as:

...“A business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners’ (DTI, 2002)”...

The definition was popularised by the former Labour government, adopted by the Conservative-led Coalition government and subsequently followed by the sector over the last decade (Lyon et al, 2010). Despite the change in government, amendments to legislation (introduction of Community Interest Company legal structure for example) and a growing sector with constantly evolving forms of social enterprise (Spear, 2001) the current government has not altered the definition to reflect these changes. On the other hand the deliberately loose definition captures a wide range of third sector organisations

trading for a social purpose, and for profit enterprises distributing less than half of profits to external shareholders (Alter, 2002; Nicholls, 2006; Mazzei, 2010), which provides for a universal reference point to understand the diverse social enterprise community in the UK. Due to the above considerations and the fact that this study incorporates social enterprises from England the researcher used the UK definition to guide the study of homelessness social enterprises. However it is important to consider other social enterprise definitions and their relevance in international and European contexts as the following passage outlines.

At the broader European level The European Research Network, EMES, has proposed a definition of social enterprise, which can be used as a guide for differentiating definitions of social enterprise across Europe. It also seems to be the most representative of current social enterprise definitions in the European context (Bridge et al, 2009).

Thus, social enterprises according to the EMES network are defined as:

...“Organisations with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity”...(EMES, 2006).

This collection of organisations as alluded to in the above definition find themselves in different aspects of the social economy depending on the context in which they are situated. For example, Bridge and colleagues (2009) outline that in the European approach, co-operatives, mutual societies, associations and foundations are placed alongside social enterprises. Therefore, although the former categories are at the core of the social economy they are not deemed as social enterprises. Indeed many co-operatives, mutuals and foundations certainly would not call themselves social enterprises - but it does not mean that they do not share the same characteristics. The US/UK approach, on the other hand, starts with social enterprises and seems to imply that all of the organisations within the social economy are social enterprises, thus co-operatives, mutual societies, associations and foundations are all social enterprises

because they are in the social economy. It is probably more straightforward, however, to indicate that there are different social enterprise terms in use across various regions of the world, which reflect different legislatures, socio-economic formations and welfare regimes.

3.2.4. Social enterprise and social exclusion discourse

To further assist the problematic debate of definition and conceptualisation of social enterprise and its place within the social economy, Dees, Emerson and Economy (2001) present the *Social Enterprise Spectrum*.

Figure 3.3: The Social Enterprise Spectrum (Dees et al, 2001)

Continuum of Options			
	Purely Philanthropic	Hybrids	Purely Commercial
General Motives, Methods, and Goals	Appeal to goodwill	Mixed motives	Appeal to self-interest
	Mission-driven	Balance of mission and market	Market-driven
	Social value creation	Social and economic value	Economic value creation
Key Stakeholders			
Beneficiaries	Pay nothing	Subsidised rates and/or mix of full payers and those who pay nothing	Pay full market rates
Capital	Donations and grants	Below-market capital and/or mix of full payers and those who pay nothing	Market rate capital
Workforce	Volunteers	Below-market wages and/or mix of volunteers and fully paid staff	Market rate compensation
Suppliers	Make in-kind donations	Special discounts and/or mix of in-kind and full price	Charge market prices

At one end of the spectrum Dees and colleagues point towards purely philanthropic organisations, which are driven by 'social entrepreneurs' - people who adopt a mission to create and sustain social value, by pursuing new innovative opportunities, for their constituencies, regardless of limited resources (Dees et al, 2001). It should be noted, however, that the use of the 'social entrepreneur' term is varied, it usually refers to specifically motivated individuals, but in some regions (France and Quebec) a notion of 'collective entrepreneurship' is used as a defining feature of social enterprises. Moreover, it may be argued that it is at the 'philanthropic' end of the spectrum that the social enterprise for social exclusion discourse appears. The focus for these social enterprises is more centred on social aims and addressing particular social issues including social exclusion.

3.2.5. Social enterprise and common ownership discourse

At the other end of the continuum is what Humphries and Grant (2005) describe as the market metaphor, where organisations are driven primarily by economic objectives and any social aspect plays a secondary role. It is here that the common ownership (economic democracy) social enterprise discourse can be found. According to Humphries and Grant (2005) the discourse is contentious because although it provides a good platform from which to begin to define social organisations' thinking, it is limited to the distinguishing of social enterprises from markets in general. They propose, instead, that more attention should be paid to Dees and colleagues (2001) definition of the 'ideal social entrepreneur', which they suggest should be normalised in society, with its values permeating our social, economic and environmental spheres so that all types of organisation operate under the rubric of ideal social entrepreneurship. However, Arthur and colleagues (2006) maintain that *markets* are the problem because the 'business' or 'economic' element of social enterprise is being privileged over the social aspects of the paradigm. This is to the detriment of providing conceptual and theoretical recognition of the social. To remedy this they suggest that the academic community should explore the potential usefulness of social movement studies to understanding the social in social enterprise.

Taking the debate further, Peattie and Morley (2008:8) suggest that academics and commentators focus too heavily on descriptions of particular characteristics “without any attempt to differentiate those that typify [social enterprise] from those that define them”. They maintain that the only clear characteristics are ‘the primacy of social aims’ and ‘that the primary activity involves trading goods and services’. Both of these qualities, they continue, reflect the delineations used in Pearce’s model (See Chapter 3, section 3.2.1) between social enterprises and the private sector on the one hand and the remaining half of the voluntary sector on the other. Despite the difficulties regarding definition, Pearce’s model highlights that social enterprise organisations are all part of a continuum, with an identifiable common purpose to work for common good and with a common set of principles (Pearce, 2001). However, Peattie and Morley (2008) argue that there is more room for debate about what the primary purposes of any organisation might be, and whether their commercial operation represents the core of business or the means to a social end.

The traditional ‘private enterprise’ approach to social enterprise is currently drawing considerable attention from researchers, and appears useful in suggesting guidance about how to create social business models (Yunus, Moingeon, Lehmann-Ortega, 2010). However, notwithstanding the growing literature in the field, there is little consensus as to its definition. Therefore, academics have turned to components of the private enterprise in academic literature to draw on elements, which aid the process of understanding what a social business model might look like. Yunus and colleagues (2010) propose that this can be achieved by drawing on the similarities between social and conventional model innovation. The most important aspect being to generate new sources of profit by finding original value propositions/value constellation combinations. In other words, finding out what the customer values, which has not already been tapped by the market and combining it with a water tight internal and external value chain. This all seems rather easy and quite obvious until one tries to measure (or second guess) what customers ‘value’.

Yunus and colleagues (2010) pre-empt this argument by setting out a number of lessons for those trying to build a social business model with 'values' at its heart. First is the concept of *challenging conventional wisdom*. The Grameen Bank - of which Muhammad Yunus is the founder - was born out of challenging the idea that loans to set up small businesses could not be lent by banks without collateral. To challenge this wisdom, a dedicated micro credit bank was set up to offer small loans to those disadvantaged in the labour market with business ideas who could not access traditional loan finance. The second step in building social business models according to Yunus and colleagues (2010) is *finding complementary partners*. Collaboration with partners inside and outside the industry allows organisations to gain access to resources that may otherwise not be available. The main advantage of collaborative agreements is in the sharing of resources and knowledge transfer leveraged by the partners. The third and final element in securing a successful social business model is through *undertaking continuous experimentation*. This is critical to ensure the model has strategic focus going forward. Setting up a number of small 'test' market situations minimises risk and maximises learning. As such, a social business model can start small, work up and be rolled out.

This strategic and 'rational' emphasis upon a conventional business model approach is argued by some commentators to have the potential to lead to social mission 'drift' (Evers, 2001, Seanor & Meaton, 2007). Dart (2004) concurs and suggests that social enterprise is likely to continue its evolution away from forms that focus on their social objective and innovation to an operational definition more narrowly focused on market-based solutions and businesslike models because of the broader legitimacy of pro-market ideological notions in the wider social environment. So, what may be crucial in this conundrum is to identify social enterprise business models that have the social objective leading their organisation. Although Yunus and colleagues offer a systematic approach towards a working business model they do not outline how to keep the social objective at the model's core. Furthermore, it is important to note that social enterprises operate in complex environments, dealing with multiple stakeholders, market environments and funding streams. Therefore, it may be argued that although the conventional business model approach has its merits in terms of challenging convention and building networks

it is perhaps too rigid in its approach and may not allow the flexibility that social enterprises require, particularly those working with vulnerable groups.

3.2.6. Social enterprise and public services discourse

A central question regarding the definitional debate is how, in economic terms, social enterprises differ from their private enterprise counterparts. According to Boschee and McClurg (2003) social enterprises are different from private enterprises in a number of ways. First, successfully running a business requires sustaining it with earned income, not grants or subsidies which social enterprises normally depends on. This alludes to the third social enterprise discourse concerning public service delivery where social enterprise delivers public services. This approach typifies the 'dependency model' of financial sustainability. However, although many do depend on grants and subsidy from the public sector, the reason behind the emergence of the discourse and social enterprise form may be the drive to 'marketise' the provision of public services. This phenomenon emerged during the 1990s, in what is referred to in the academic literature as 'new public sector management'. Many public services in the UK came under pressure as part of the Labour government's 'Third Way' rhetoric to modernise public services (Jordan, 2010). This involved increasing choice, streamlining and making services more effective while maintaining the level and quality of services (Brignall & Modell, 2000). To achieve these ends elements of 'private sector' management techniques were introduced to the public sector (Brignall & Modell, 2000).

Inevitably bringing some form of neo-market system into a politicised environment would meet with problems. Issues surrounding the legal framework of the public sector narrows choice in terms of quality options. Moreover public services generate some value but it is not easily measured, so how would a strategic management approach maximise customer value for example? Then there is the issue of politicians taking risk averse approaches to management whilst ownership boards would be more willing to indulge to maximise shareholder value (Lane, 2008). Increasingly the contract culture which has emerged in the voluntary sector is seen as a precursor for marketisation and the emergence therefore of social enterprise.

As well as strategic and operational issues there is the question of introducing neoclassical economics, based on market exchange, rational choice and self-interested ideas, into a sector which exists to pick up the failings of imperfect or underdeveloped markets for public goods (Adaman & Madra, 2002; McKay, Moro, Teasdale, & Clifford, 2011). Taking these issues into consideration along with opposing moral frameworks - the former based on self-interest and the latter on reciprocity - represented by both sectors presents a clear dichotomy. The risk is the lines between the private, public and third sector spheres become blurred and values such as reciprocity, philanthropy and democracy become lost (Tsakalotos, 2005; McKay et al, 2011). Teasdale (2010b) suggests that a more recent phenomenon in the *marketisation* matrix is the creation of subsidiary social enterprises with the primary aim of providing employment to vulnerable people. As a consequence nonprofits are acting more like businesses substituting traditional income with commercial revenue.

The second element, which separates social enterprises from private enterprises, is that social enterprise earned income strategies are tied directly to their mission whereas traditional businesses are not. Third, social enterprises are not measured by their ability to generate profits for their owners. Unlike mainstream businesses, social enterprises are driven by the triple bottom line, concerning a mix of social, environmental and financial returns. Essentially profits are reinvested in the mission and not distributed to shareholders (Boschee & McClurg, 2003). However, Lyon and Sepulveda (2009) argue that without hybrid types of research that stimulate proper definitional debate (such as longitudinal analysis, which pays attention to historical and spatial contexts) bringing morality into capitalism will be problematic. Although one might argue that some sense of morality already exists in capitalism (e.g. corporate social responsibility, philanthropy etc) but such programmes still offer public relations and marketing advantages and are not necessarily enacted for strictly social purpose.

3.2.7. Social entrepreneurialism discourse

The last two decades (emerging from the mid-1980s) has seen a growing connectedness between features traditionally associated with the sphere of civil society and characteristics usually related to market economics. This growing trend in the not-for-profit sector has encouraged the emergence of the social entrepreneurialism discourse (Hulgard & Spear, 2006). Concepts commonly the domain of market economics such as 'entrepreneurialism', 'innovation' and 'capital', to name a few, have become intertwined with social science discourses (Hulgard & Spear, 2006).

The most commonly quoted definition of 'social entrepreneurship' is provided by Dees (1988) who outlines five main factors that define the term: (1) adopting a mission to create and sustain social value (not just private value); (2) recognising and relentlessly pursuing new opportunities to serve that mission; (3) engaging in a process of continuous innovation, adaptation, and learning; (4) acting boldly without being limited by resources currently in hand; and (5) exhibiting a heightened sense of accountability to the constituencies served and for the outcomes presented. Within this evolving rhetoric social entrepreneurs are said to be the equivalents of business entrepreneurs but with some important caveats "they operate in the social, not-for-profit sector, building something from nothing and seeking new and innovative solutions to social problems" (Hulgard & Spear, 2006:85). However Boschee and McClurg (2003) warn against adopting Dees typology outright suggesting that his framework leaves out one important element, *earned income*. They argue that unless the entrepreneur makes a 'profit' for the organisation and is therefore independent from grants and subsidies then they are not socially entrepreneurial but instead simply *innovative*.

Defourney (2004) builds on Dees and colleagues (2001) *Social Enterprise Spectrum*, which cites social entrepreneurs as driving forces for more philanthropic social enterprises. He suggests that the analysis of social enterprise should go further than the non-profit and social economy concepts to include an examination of social enterprises as an expression of new social entrepreneurship, which concentrates on collective rather than individual forms of entrepreneurship (Nyssens, 2006). Defourney (2004) draws on the classic work

of Schumpeter (1934) who suggests that in terms of economic development, entrepreneurs are central to organising and carrying out new forms of production. He goes on to propose that although entrepreneurs may not own the organisation(s) they are critical to its development in a number of ways: (1) the introduction of a new product or a new quality product; (2) the introduction of a new production method; (3) the opening of a new market; (4) the acquisition of a new source of raw materials; or (5) the reorganisation of a sector of activity (Defourney, 2004: 11). Critically these elements lend themselves to the development of new products, activities, market relations and methods of organisation in social enterprise, in response to the crisis in European welfare systems (in terms of budget, effectiveness and legitimacy). The result being more autonomous development of third sector approaches to meet the needs of the most vulnerable in society (Defourney, 2004).

Defourney (2004) suggests that 'social entrepreneurs' are most likely to be found in work integration social enterprises (WISE) (see Chapter six section 6.3.1. for further discussion) where innovation is critically important to better suit the support needs of low skilled and socially excluded people. Bucolo (2006) argues that two main types of entrepreneur exist in the WISE setting, activists who become social entrepreneurs and professionals who through their commitment to the organisation and fight against social exclusion, for example, may take on an activist position. But who exactly are these people? What traits do they hold to earn the title of 'social entrepreneur' as opposed to 'traditional entrepreneurs'?

Boschee and McClurg (2003) suggest that are two main differences. First, although traditional entrepreneurs regularly act in a socially responsible manner (donate money to non-profits, engage in 'ethical' business practice and are environmentally conscious) their 'efforts' are only indirectly associated with social problems. Whereas 'social entrepreneurs' earned income strategies are directly attached to their mission. For example, they employ low skilled and long-term unemployed people or they sell as product or service that benefits vulnerable groups. Second, traditional entrepreneurs are measured by fiscal results, in other words, the 'success' or otherwise of their organisation is based upon how much profit they have managed to generate for their company. 'Social

entrepreneurs' on the other hand are motivated by a combination of financial and social objectives. While 'profit' is still important it is not the sole goal of a social entrepreneur, rather the way in which the 'profit' is earned and reinvested in the social aim of the organisation holds more value. This definition relates well to discussions associated with entrepreneurs who have direct ownership of their enterprise (and sometimes with Philanthropy, e.g. Anita Roddick, Bill Gates and Richard Branson) but it does not include employees/workers who are now considered to have entrepreneurial abilities too. Moreover, there is room for debate as to how those engaged with social enterprise define themselves and the different 'types' of 'social entrepreneurs' that may exist in the sector. Chapter seven aims to address these points.

3.2.8. The innovation discourse

Aside from 'social entrepreneurialism' a further discourse associated with the 'third sector' and social enterprise is 'innovation'. The fostering of enterprise and innovation in the social economy is thought to encourage new and more efficient ways of doing things, particularly for marginalised groups, such as provision of jobs for people who might not otherwise be employed (Bridge et al, 2009). The evidence for this assertion is found in the ability of social enterprises to draw on the local mainstream economy in which they operate, using local products and production methods and employing local people for example.

Although innovation is a key term linked to social enterprise and social entrepreneurship it is not included in the loose UK government definition. However the majority of definitions concerning social entrepreneurship contain some reference to innovation (Delta Economics & IFF Research, 2010). Following Pittaway and colleagues (2004:144) the term innovation suggests "the generation *and* exploitation of new products, processes, services and organisational practices to adapt to new conditions or to meet needs in different, more effective ways". Despite the fact that innovation is often referred to in the social enterprise literature as being an inherent characteristic of social enterprises and indeed social entrepreneurs there is little research to explain the cause and effect of such innovative practices. However it is generally recognised that

individual's who aspire to use their entrepreneurial attributes for a social purpose can do so within the domain of the third sector (Bridge et al, 2009).

As part of the innovation process social entrepreneurs are deemed to be more 'innovative' across various aspects of innovation compared to 'traditional entrepreneurs'. They are more likely to spend a regular proportion of their income on research and development, seek finance for growth, investment and to fund working capital and to use all types of business support (from professional advisers and banks) and to value that support more than their traditional entrepreneur counterparts (Delta Economics & IFF Research, 2010).

Referring to the works of Karl Polanyi, Mendell (2009) suggests that as the social economy begins to develop and unfold around the world so do 'new' forms of socially constructed provisioning, or in other words a more pragmatic and innovative approach to capitalism. In Quebec, the social economy is strong with an innovative enabling environment where social actors are encouraged to take part in policy development (Mendell, 2009). Some parallels could be drawn here in the UK context. Provisions in the Public Services (Social Value) and Localism Acts (See section 3.3.2) seek to encourage social and economic capacity building through 'procuring for social value' and decentralising power to local communities to 'challenge how services are run' (Social Enterprise UK, 2012). Perhaps then the Coalition government has become increasingly aware that innovative initiatives in the third sector require support. However these Acts have been passed with an overall reduction in funding to the third sector by 2.8 billion over the spending review period between 2011-2016 (Kane & Allen, 2011). Therefore although the third sector is helping to foster social enterprise and innovation and delivering services in the public interest, it seems the Coalition still has some way to go before convincing the sector that it has legislative, fiscal and regulatory support.

According to the literature there are different kinds of innovation. Osborne (2008) differentiates between *total innovation* (which involves working with a new client group and providing new services) *expansionary innovation* (which still seeks to work with a new client group but uses original methods of practice), *evolutionary innovation* (again

working with a new client group but providing new services) and finally *incremental development* (which involves working with the same client group and providing the same services, but changing them, incrementally, to better suit the needs of the recipients). However, recent developments in the more encompassing phenomena of social innovation (referred to as new, more efficient approaches towards addressing social problems) still leave room for methodical development to provide better understanding of the unique patterns, drivers, and inhibitors associated with social innovation (Mulgan, Tucker & Ali, 2007). Under this angle, the concept of innovation bringing something new to public service delivery has been one of the primary reasons for involving the third sector in delivery. However, Osborne (2008) warns against innovation being seen as inherently 'good', suggesting instead that sometimes it is better to maintain the status quo rather than to allocate resources to changes that are not required or may have little impact.

Finally an important point regarding innovation, especially social innovation, is that it should not be seen as an end in itself, particularly in the context of third sector organisations delivering public services. As Osborne (2008) and Mulgan (2007) suggest it is not something that occurs on its own, there are also processes, which enable innovation (such as co-production i.e. citizen participation in service delivery and networks, those that work both horizontally and vertically with different sectors and actors). Indeed Mendell (2009) refers to this kind of innovation as capacity generation through horizontal and vertical links occurring within integrated systems of social innovation. This involves an ongoing conversation with government, *policy dialogue* and the ability to negotiate policy change through the *process of policy design*.

Finally, Nyssens (2006) has developed a comparative European analysis through a multidisciplinary lens to broaden debates concerning social enterprise form and definition. She asserts that a multi-stakeholder and multi-goal nature are claimed to be important aspects of social enterprise, despite empirical evidence of their existence being limited. Defourny and Nyssens (2006) go on to argue that the EMES Network offers the most comprehensive example of what makes a social enterprise. The following criteria distinguish between economic and social elements when defining social enterprises. First

the economic elements allude to: a) a continuous activity, producing and selling goods and/or services; b) a high degree of autonomy; c) a significant level of economic risk; d) a minimum amount of paid work; e) and not-for-private-profit distribution. Second the social dimensions of the initiative encapsulate; f) an explicit aim to benefit the community; g) an initiative launched by a group of citizens; h) decision-making power not based on capital ownership; i) a participatory nature, which involves the various parties affected by the activity.

This proposed list illustrates an 'ideal' typology of what a social enterprise might include. According to Defourny and Nyssens (2006) the 'ideal' approach allows researchers to situate themselves in the plethora of social enterprise organisations, allowing them to establish boundaries as to the set of organisations which they might consider as that of social enterprises. However, it is important to note with reference to point (g) that individuals or a collective within an already established parent organisation, such as a charity, has established the majority of third sector organisations, particularly those working with homeless people, for example. This is certainly true for three out of the six case studies in this research.

In summary, it is difficult to provide an overview of where social enterprise fits within the social economy. This is due to the fact that there are a range of organisational types that vary in size, activity, legal structure and social aim orientation. Pearce's "Three Systems Model" allows one to see schematically and conceptually where such organisations may be placed. But with such a broad range of forms positioned across a wide and diverse sector perhaps it is more useful to identify the different discourses - social exclusion, common ownership, and public service delivery, social entrepreneurialism and innovation - associated with social enterprises. Thus a more nuanced understanding of their positionality in the third sector can be reached.

3.3 Social Enterprises and the Homelessness Sector

As documented in Chapter Two, structural factors create the conditions within which homelessness may occur; and people with personal problems, such as addiction and mental ill health, are more vulnerable to these adverse social and economic trends than others. Therefore, the high concentrations of people with personal problems in the homeless population can be explained by their susceptibility to macro-structural forces rather than necessitating an individualist explanation of homelessness (Fitzpatrick, 2006a). A key structural aspect of people's homelessness is associated with exclusion from the labour market. A currently popular discourse concerning social enterprise focuses on the role of third sector organisations delivering public services. However as this discourse gathered momentum through New Labour and under the Coalition's 'Big Society' agenda (Teasdale, 2010b) the homelessness literature has barely focused on the capacity of social enterprise to meet the employment needs of homeless people. Moreover, in understanding the features and factors of homelessness social enterprises have also received little attention by academics. However, the following discussion demonstrates there is a range of social enterprise models, which organisations can adopt or aspire to. The need to understand social enterprise models is critical, especially if the sector is to deliver social progress for the disadvantaged. First this section compares various types of social enterprise models in the wider social economy before providing examples of their existence at the sectoral level in the homeless field.

3.3.1. Models of social enterprise in the social economy

At the macro level in the wider social economy Alter (2007) offers a typology of *operational* social enterprise models. Although complex, the framework provides a comprehensive explanation of the features and factors of social enterprise models. The operational models are to be seen as configurations used to create social value (measurable impact and income) and are not to be interpreted as organisational or legal structures. With these caveats in mind the models are divided into three distinct spheres: 1) **fundamental** models 2) **combined** models and 3) **enhanced** models.

The **fundamental** models - there are nine in total - lend themselves as the primary ones, thus arguably the most important and prevalent in the social economy. The *entrepreneur support model* aims to provide financial assistance to facilitate individuals and/or groups so that they may develop their entrepreneurial abilities and ideas. The premise is that the individual and/or group sets up an independent social enterprise and eventually achieves financial independence through sales of its services/products while receiving business advice and support by an initial or 'parent' social enterprise. Economic development organisations, including microfinance institutions and small and medium sized enterprises (SMEs) demonstrate practical examples in the social economy. At the sectoral level, in the homelessness sector St Mungo's²³ - who are a leading housing and homelessness charity in London - operate an *incubator* model, which assists homeless people with the growth and development of their fledgling social enterprises. At present two social enterprises, Squeaky Chains (bicycle recycling and repair) and Suit Case Media (IT solutions) are working out of the hub and demonstrate the means to scale-up and become financially independent social enterprises.

Also located in the **fundamental** model sphere is the *employment* model. This model offers paid employment, usually to vulnerable or disadvantaged people. The model incorporates any type of employment, which may be paid but might also encompass a training programme that leads to employment within the social enterprise or with other employers in the chosen sector. Furthermore, the model provides for skills development and the jobs are created with clients' capabilities and limitations in mind, as well as balancing commercial viability. Common employment businesses found in the wider social economy are cleaning and landscape companies, cafes and recycling enterprises among others. An example of this model in the homelessness sector is Create. Create is an events catering social enterprise, which develops innovative training programmes and employs people who have been homeless, marginalised or vulnerable (Create, 2012). Support services for the employees are also included in the *employment* model, such as, soft skill training, mental health counselling, and housing support (Alter, 2007). All of the above support factors are critical elements in the business model if the social enterprise

²³This homeless sector example and those that follow have been taken from the homelessness social enterprise survey constructed for the purposes of this paper.

is to be successful and sustainable, especially when working with people with complex support needs.

Continuing with the **fundamental** model theme is the *cooperative* model. This model provides direct benefit to clients and cooperative members through member services. Such services may include market information, technical assistance, collective bargaining power and the opportunity to access external markets for member produced products and services (Alter 2007). In the UK context and according to Pearce's (2003) "Three Systems of the Economy" model, the worker's cooperative, sits on the periphery of the social economy (third system) and the first system, which is private profit, orientated. Considering that historically third sector organisations, particularly charities are not profit orientated, both ideologically and due to legal constraint; the question of whether this approach would work at the more philanthropic end of the social enterprise spectrum, where social aim over profit is given more attention is a pertinent one. The model can, indeed, be found in the homelessness sector, although at the time of writing it is a single example. River Link Housing is a short-life housing cooperative based in North London. The organisation adheres to strong principles of mutualism and self help to bring empty properties back to a liveable standard. By incorporating the help of volunteers with trades experience they are able to keep rents low and train people with experiences of homelessness to volunteer in housing regeneration projects (Teasdale, Jones & Mullins, 2011).

Also located within the **fundamental** model domain is the *service subsidisation* model. According to Alter (2007) the concept of this approach is to sell products or services to an external market and then use the income it generates to fund its social programmes. This model can lend itself to any type of business such as, consulting, IT services, counselling, logistics, employment training or marketing. The model is usually integrated, which means that business activities and social objectives coincide. In the homeless sector this model is represented by B-HUG Community Insight, which is a research consultancy that works with LIFT (Lifting Lives, Lifting People) to provide volunteering and employment opportunities at the same time as channelling any profits made from the consultancy part

of the business back into Brent Homeless group to support individuals and carry out research around user involvement and social inclusion.

The final model associated with the **fundamental** sphere *and* which can be identified in the homeless field is the *organisational support* model. This model looks to sell products and services to an external market, businesses or general public. The caveat, compared to the other models, however is that in some cases the 'client' is the customer. The social enterprise is created as a means of funding for the parent organisation and is often structured as a subsidiary business or programme (Alter, 2007). In a similar vein to the *service subsidisation* model the *organisational support* model may implement nearly any type of business that leverages its assets. BHT Enterprises Ltd (Part of Brighton Housing Trust), which includes, BHT IT Solutions and BHT Design, adopts the *organisational support* model of social enterprise in the homelessness sector. The profits generated by BHT enterprises are gift aided back to the charity, BHT, to support their charity work, including their day centre for homeless people (BHT, 2012).

The remaining three **fundamental** models present a departure point from Alter's previous models because none of them are represented in the homelessness sector. This may be because the *market intermediary*, *fee-for-service*²⁴ and *market linkage* models are established on more traditional private enterprise principles. The *market intermediary* model provides services to a 'target' group (small producers for example) to aid access to their chosen market. Services may include: product development, production and marketing assistance, and credit. Practical examples include marketing supply cooperatives, as well as fair trade, and agriculture organisations (Alter, 2007). The *fee-for-service* model involves the social enterprise commercialising its social services and then selling them directly to 'clients'. This model is typically operationalised by non-profit organisations (Alter, 2007).

²⁴ The low-income client as market model is closely linked to the *fee-for service* approach, however the main variation is that it works best and is commonly found in the developing country context.

Finally, the *market linkage* model facilitates trade relationships between ‘clients’, small producers, local firms and cooperatives for instance, and the external market. Types of social enterprise include import-export, market research and broker services (Alter, 2007). Perhaps the closest comparison in the homeless sector to these models would be The Big Issue, where vendors, from disadvantaged backgrounds, sell popular culture magazines through a market derived price mechanism to make a profit. Chapter Six looks in more depth whether there is evidence to suggest that these more market based social enterprise organisations, as represented by Alter’s typology, can be found and/or established at a sectoral level such as the homelessness sector through the data generated from this study’s survey.

The **combined** and **enhanced** models of social enterprise go further than the **fundamental** models by presenting a far more complex business model to generate profit while keeping the social aim of the organisation firmly embedded. Combined approaches generally mix two or more of the **fundamental** models. For example, if appropriate for the ‘clients’, the employment model is often combined with one or other models to strengthen or add social impact (Alter, 2007). MillRace IT, uses both the *service subsidisation model* and the *employment* model to collect and process redundant IT and telecoms equipment from corporate, public and third sector customers, enabling them to offer employment and training to people who have experienced homelessness, long-term unemployment and those recovering from health problems. **Enhanced** approaches present further levels of complexity regarding social enterprise models. The franchise model for example enhances non-profit organisations that have workable, but not quite scalable social enterprises (Alter, 2007). A recent development in the homeless sector has seen the Crisis Skylight Cafés branch out and replicate the original London Café to Newcastle and Oxford for example.

The strength of Alter's (2007) depiction of social enterprise models is the flexibility with which they may be combined in practice and also the consideration of different market contexts and client groups that the models can accommodate. While Alter's social enterprise model typology is comprehensive the work of Cheng and Ludlow (2008) seeks to deconstruct the framework and separate it out into three distinct types of social enterprise *activity* - as opposed to organisational *form* - that deliver social impact²⁵ through trading activities. Although their *three models* typology - see table 3.1 - appears to be based on Alter's framework and is quite superficial in comparison, it is perhaps more accessible for practitioners in the social enterprise field compared to the work of Alter.

Table 3.4. Cheng and Ludlow's (2008) three modes of social enterprise activity

Activity mode	Description
Social enterprise activity 1	This activity has no direct social impact, but is focused on profit, which is then transferred in part or whole to another activity that <i>does</i> have a social impact; e.g. Corporate Social Responsibility (CSR) programmes or charitable foundations investing their endowments in mainstream financial markets. Beyond Food, event producers and party planners, demonstrate the model in the homelessness field. Profit generated from their private enterprise goes towards the Foundation, which provides work experience and on-the-job training within food production for people who have experienced homelessness.
Social enterprise activity 2	This approach involves a trading activity that does have a direct social impact, but deals with a trade off between producing financial return and social impact. For example, Jamie Oliver's Fifteen Restaurants operates in a similar vein by training vulnerable people (usually with tenuous housing situations) to become chefs, the money from the Fifteen restaurants and Jamie's other commercial ventures are then ploughed back into the Fifteen Foundation.
Social enterprise activity 3	The third mode of activity demonstrates both direct social impact and also generates financial return in direct correlation to the social impact created. This form corresponds well to the environmental element associated with social enterprise. Squeaky Chains (bicycle recycling and repair) and Recycle IT (recycle and distribute unwanted IT equipment) both have zero landfill commitments while offering training and work placements to homeless and formerly homeless people.

²⁵ For the purpose of this study social impact is used to demonstrate positive change in society and is in keeping with the term used by Cheng and Ludlow (2008).

There are two advantages of Cheng and Ludlow's typology. First, each approach has a clear market linkage. This is critical for social enterprises that are keen to adopt a strategy that will enable them to create social impact and generate financial returns. Second, the competitive advantages and disadvantages of each approach are outlined. The second activity form highlights that social enterprises using this strategy are often competing with rivals who pay less attention to their social impact. This may give competitors greater flexibility in their operations. On the other hand, they are increasingly able to use their social impact as a competitive advantage where a premium is now sometimes justifiable for benefits (Cheng & Ludlow, 2008) such as ethically sourced and recycled 'vintage' products, which suit a growing trend in the middle classes.

However, moving from the macro to the micro level of Cheng and Ludlow's typology, two issues arise, the first being methodological and the second conceptual. From a methodological viewpoint it appears that there is little discussion regarding how they formulated the models to base social enterprise activity on - there is no mention of Alter's work - or indeed how they might work in practice. On balance, however, they do suggest that the typology is merely 'statements of fact' and not a panacea for an 'ideal type' of social enterprise approach.

The second issue is conceptual. Although Cheng and Ludlow's typology offers a broad conceptualisation of three types of social enterprise activity their classification may not go far enough to explain how organisations 'transition' or move between social enterprise activity. This stage is ambiguous and alludes to organisations, which move from one method of operation, such as a trading arm of a charity, towards a fully self-sufficient entity, albeit maintaining their social enterprise principles. Cheng and Ludlow's (2008) framework is essentially a static and descriptive typology - hence it does not say anything about process and dynamism.

A further point regarding transition is offered by Defourny (2001:2) who describes the process as a 'butterfly effect; a new social enterprise spirit which takes up and refashions older experiences'. The transition stage has its critics. Seanor and Meaton (2007) argue that perhaps voluntary groups are simply picking and choosing elements of existing social

enterprise models and practices to suit their needs and not necessarily embracing complete organisational change. This may be true, but as long as the organisation's social aim is met - adhering to accountability measures on behalf of stakeholders - does it really matter how they achieve their social impact? The advantage of the transition stage is that the space is made for social enterprises to innovate and grow something, which arguably, is urgently needed if the sector is to flourish and demonstrate sustainability. Conceptually any model or form of enterprise activity must allow for 'change' if it is to provide any insights. The key issues are what are the processes of change and what are the factors driving them?

While Cheng and Ludlow's typology may lack methodological and conceptual depth it is a solid and accessible starting point to consider what different approaches to social enterprise activity might look like. In summary organisations can adopt any of Cheng and Ludlow's three approaches to social enterprise activity to a greater or lesser extent. For example, organisations can move from one activity to another, or move towards commercial income as their primary revenue resource using one or more of these strategies, however at it stands the typology does not detail *how* this is achieved.

3.3.2. Models of social enterprise in the homelessness sector

Although Alter's (2007) classification is useful to understand social enterprise models on a large scale, it is the work of Teasdale (2010a) that has the most significance to this study. He has identified a number of social enterprise models that are being used specifically in the homelessness sector. Teasdale (2010a) is one of a small number of academics that seeks to bridge the literature between social enterprise and homelessness and suggests that social enterprises respond to the needs of homeless people in a number of ways. Table 3.3 illustrates seven social enterprise models, which provide homeless people with the opportunity to earn an income, access accommodation, work experience and training opportunities.

Table 3.5 Models of social enterprise in the field of homelessness (Teasdale, 2009)

Model	Description	Example
Revenue generator/ mission	Social enterprise as an income stream or means of raising awareness for Third Sector organisations	Salvation Army WarCry
Contracted service provider	Homelessness related organisations delivering government contracts	Shelter
Accommodation providers (self-help housing co-ops and trading arms of housing associations are included here)	Hostel and supported accommodation providers offering places to homeless people	St Mungo's
Participation based community	Hostel and supported accommodation providers offering places to homeless people	Emmaus, Foyers, WYEC YMCA
Work provider	Social enterprises whose primary objective is to allow homeless people to earn an income	Big Issue
Training and work experience	Social enterprises providing homeless people with the chance to gain qualifications/work experience	Crisis Skylight Cafés
Hybrid	Social enterprises combining two or more of the above models	Big Life Company

According to Teasdale (2009) there has been a increasing policy focus on social enterprise as a potential solution to the problems faced by homeless people. This mirrors what Levitas (2005) refers to historically as a shift in the former Labour government's policy from a view of social exclusion as a consequence of inequality, towards a view of exclusion as an individualised problem to be resolved by improving access to the labour market, through mechanisms such as Work Integration Social Enterprises (WISE). More recently, the Coalition government has built on this discourse through the 'Big Society' rhetoric. The politically ideological concept aims to devolve power to the local level and encourage people to take more responsibility for their future and that of their communities. The 'Big Society' is supposed to be a big departure from the previous government's centralist approach to social and economic policy (McCabe, 2010). In reality, the 'Big Society' still taps into the notions of co-operatives, mutualism and the social economy as an alternative to the welfare state (Oppenheim, Cox & Platt, 2010). However, there is little policy evidence to support or contradict the assumption that social enterprise is a panacea in response to the needs of the most vulnerable in society, particularly homeless people (Teasdale, 2009; Sepulveda, 2009).

Moving from the description of models of social enterprise in the homelessness field to evidence of the *effectiveness* of such models, Smallbone and colleagues (2001) point out that although the precise nature of the contribution varies between different types of social enterprise; a key underlying theme is the social capital they generate. This provides a further example of the social enterprise and social exclusion discourse and their contribution to developing an infrastructure for social entrepreneurship. A classic example of this type of entrepreneurial social enterprise is the Big Issue. The core approach of the organisation is to encourage self-help by selling magazines. Besides the conventional street model a new model concerned with advanced distribution has been developed. This involves negotiating sales with other firms that increase predictability and therefore sustainability. The organisation sees itself as a 'business response to a social problem' (Social Enterprise London, 2007).

In a similar vein, the Wandsworth Youth Enterprise Centre (WYEC), based in London, supports young people aged 17-30 to develop business ideas and start up their own businesses. The Centre offers a four-step model to engage, train, support and explore the concept of setting up a business. WYES have developed a £2.7 million business centre to provide the income for the charity's work and provide a move-on space for young entrepreneurs. The success of the Centre is encouraging with over 5,000 young people and 500 businesses started since its inception in 1998 and 85-90 per cent of those businesses trading after two years (Crisis, 2010). It seems, therefore, that there is arguably a role for social enterprise in preventing and/or addressing homelessness. But this begs the question; do such initiatives have the scope and capacity to address multiple exclusion homelessness by supporting vulnerable people in other areas of their life, enabling them to progress and learn other skills? Perhaps, for many homeless people engaging with a social enterprise is a first step towards mainstream employment (ODPM, 2003). But do social enterprises provide 'enough' emotional and practical support to address labour the market exclusion of homeless people, particularly those who require higher levels of social support?

Teasdale (2009) and Sepulveda (2009) address this question and suggest that social enterprises do have some capacity to deliver multiple support but they should definitely not be viewed as a universal solution by government or the third sector. The key to addressing multiple exclusion homelessness (MEH) is for some social enterprises and third sector organisations to work in partnership to offer integrated packages of support to homeless people with varying levels of need and at different stages in their pathways out of homelessness (Teasdale, 2009). For example *The Places of Change* initiative launched by the former Labour government in 2005 was one such example of bringing services together. The £90 million investment programme sought to provide real innovation in hostels, day centres and other projects such as social enterprises to deliver training, real work experience and employment (CLG, 2006b). For example, Crisis Skylight Cafés offer homeless people empowerment through engagement, education and work experience by becoming a team member in one of their Cafés based in various regions in England. Importantly work experience in the café also allows clients to link up with the other support services that Crisis offers (CLG, 2006b).

Furthermore, The Tyneside Cyrenians project in Newcastle-Upon-Tyne also provides a link between employment and skills creation. A group of hostel residents have built their own hostel and office extension. All of the people involved in the scheme qualified for an NVQ Level 2 in Construction which makes them eligible for their Construction Skills Certificate - the construction industries essential qualification (CLG, 2006b). As well as social enterprises such as Crisis Skylight Cafes, the Big Issue and WYES as mentioned previously, the former SPARK challenge initiative existed to provide space for entrepreneurial skills to grow. Spark was launched by the Labour government in 2007 as a pioneering cross-sector development and investment programme that aimed to inspire organisations to build social enterprises seeking to prevent and tackle homelessness using sustainable business models (SPARK, 2008). In addition the Sparklers programme focused specifically on providing support to people with experience of homelessness to set up their own enterprise. While these programmes are groundbreaking there is some trepidation about how they might fair in the Coalition government's plans during the next Parliament. The Homes and Communities Agency (HCA) continues to run the *Places of Change* programme, however with cuts (7% annual reduction) to local authorities

outlined in the Comprehensive Spending Review (2010), the future of the scheme hangs in the balance. Moreover, the final round of Spark applications took place in 2011. The initiative has not survived the economic crisis and government austerity measures.

In summary, detailed case study analysis suggests there appears to be considerable evidence to suggest that social enterprises do have a role to play in generating employment, enterprise and employability opportunities for homeless people but there is a lack of larger scale, more systematic empirical studies. Furthermore social enterprises, particularly those embedded in local communities, provide an alternative space to challenge the laws and social norms of capitalist, collective forms of politics, identity and citizenship (Pickerill & Chatterton, 2004). Although social enterprises may be a low level attempt to counter the forces of growing inequality, it may be argued that organic social enterprises are breaking away from the idea that everything can be homogenised, and compartmentalised to deliver services.

3.3.3 The current and future role of social enterprises in the homelessness sector

Depending on the type of social enterprise definition that is adopted - for example the EMES, European definition or the current definition adopted by the government and subsequently adopted by this study - the majority of social enterprises in the third sector are currently actively engaged in delivering public services. According to the DTI (2003a) they have the potential to play a greater role in delivering these services and reforming the way the current sector is managed. To assist growth and sustainability of social enterprise in the third sector the former Labour government introduced a new legal definition - Community Interest Companies (CIC) - in 2005. The aim of the regulation was to give social enterprises more flexibility so that they could adapt to changing market conditions and see their enterprises grow (DTI, 2003b). However, Arthur and colleagues (2006) argue that CICs are too tightly regulated by the state. Instead a bottom up, grass roots, composition of the term and operating conditions should be introduced by social enterprises so that they have direct input into the regulations that guide them. Arthur and colleagues (2006) go on to argue that by concentrating on social enterprises as a

means to deliver public services this may result in nationalisation of the third sector. This could result in isomorphism discouraging innovation by homogenising the sector.

The previous Labour government's strategy regarding the role of social enterprises was to encourage them to be 'investment ready' to aid sustainability and promote growth. Schemes such as *Future Builders* invested £125 million to assist voluntary and community sector organisations and social enterprises in England in their public service work. Labour were keen to encourage community entrepreneurship as a means to improve local job opportunities and skills development (DTI, 2003a). However, it may be argued that the focus of Labour's different strategies, such as the CIC regulation and *Future Builders* was based more on the ability of social enterprise to become more financially sustainable, building assets and capacity rather than looking at social outcomes or impacts (Arthur et al, 2006). Aiken (2007) agrees with this position and demonstrates concern about social enterprises, which have been commissioned to deliver employment measures for programmes like *New Deal* for the unemployed. He argues that the impression has often been of implementation and measurement regimes that have tended to view their organisations one-dimensionally, and as convenient deliverers of state targets in public service delivery rather than acknowledging the fundamental and complex role that social enterprises have in tackling social exclusion and building sustainable communities. Aiken (2007) goes on to argue that large scale programmes have tended to fail the most disadvantaged.

The state also seems to support the use of Work Integration Social Enterprises (WISE). The major objectives of WISE's are to help disadvantaged unemployed people, who are at risk of permanent exclusion from the labour market. The model works by integrating vulnerable people back into work and society, generally through productive activity (Defourny & Nyssens, 2006). WISE at regional and national level compete with national and international commercial organisations in what has now become a multi-million pound training and work integration model. For example, Work Directions UK is the London based part of the Australian Ingeus group of private sector companies, which delivers in 12 'private sector led' Job Centre Plus regions. Freud (2007) argues that these organisations are highly focused on outcomes and standardised packages. He goes on to

say that this model may well suit the needs of those close to the labour market. However, for those with multiple needs (such as homeless people) who need tailored support specific to their needs, this model should not be seen as appropriate. Aiken (2007) suggests, instead, that locally based social enterprises hold the key to focusing on the wider social exclusion needs of clients. Some social enterprises have been successful in scaling up service areas, particularly in kerb side recycling and waste services. However, the prospect of convergence towards a standardised model by all providers in the work and training field may leave the severely disadvantaged with inflexible and inappropriate provision while those 'more job ready' are successfully helped. This is something that a client focused model might better achieve (Aiken, 2007).

The Coalition's position on social enterprise and its function in public service delivery follow on from the previous Labour government's standpoint. Proposals for the role and development of social enterprises are set out broadly in *Building the Big Society* (Cabinet Office, 2010a; 2010b) and more specifically in both the Public Services (Social Value) Act and the Localism Act. The first document briefly details the government's support towards the development of co-ops, mutuals, charities and social enterprises. More specifically the Public Services (Social Value) Act outlines recommendations for local authorities to publish strategies in connection with promoting social enterprises and to enable communities to participate in the formulation and implementation of these strategies. Moreover, the Act requires that public sector contracts include provisions relating to social outcomes and social values (The Social Enterprise Coalition, 2012). The Localism Act is less obvious in its approach to social enterprise but still outlines proposals such as the 'Community Right to Challenge' which aims to encourage groups of citizens to form community enterprises to take over the provision of public services (libraries, schools and swimming pools for example) from their local authority (Escadale, 2010).

Moving forward, one of the key aspects to the current role and future success of social enterprises in the homelessness sector is to gain better understanding of what social enterprise models might look like, what makes them 'successful', the challenges they face and if any particular approach suits the employment, enterprise and employability needs of homeless people. For example, the Big Issue offers the opportunity to gain an income

and Crisis Skylight Cafés offer the opportunity of training/qualifications and support. But further research is needed to ascertain what makes social enterprise models in the homelessness sector ‘successful’ and whether they are equally ‘successful’ for all people in different stages of their homelessness pathway. At present, Lyon and Sepulveda (2009) suggest that the problem of identifying the future role of social enterprise is twofold. First is that the current definition adopted by government²⁶ (inherited from the former Labour government) is kept deliberately open to allow a wide range of organisations to define themselves as social enterprise. This leaves the concept open to for-profit commercially minded organisations and thus questions the ‘social’ objective of enterprises.

Second is that the confusing definitional debate adds to the lack of clarity regarding the process of mapping social enterprises. Lyon and Sepulveda (2009) go on to suggest that there are considerable conceptual and political dilemmas and there is a need for sensitivity regarding how different elements of the definition are interpreted. This has particular contemporary resonance due to the many social enterprises that are undercapitalised and struggle to access external finance, especially when starting up, expanding or moving away from grant dependency. In particular, funding and stigma issues - the negative connotations attached to homeless people - affect social enterprises working in the homeless sector (Social Enterprise London, 2007).

In summary, it appears that current rhetoric privileges the entrepreneurial success stories of business growth and advice, which dominate over examples of more qualitative social impacts and outcomes (Schofield, 2005). Although this is a rather simplistic take on the general argument it appears that social aims can be realised if organisations move from grant dependency to financial self-sufficiency and where possible profitability. Schofield (2005) goes on to point out that this model is not appropriate for many voluntary and community organisations. In fact, organisations following policy rhetoric may feel they are to blame for difficulties that fall at their feet because they did not demonstrate entrepreneurial spirit (Arthur et al, 2006). Finally, it may be argued that social enterprises

²⁶ For example ...“A social enterprise is a business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profits for shareholders” (DTI, 2003a)”...

do have the potential to be part of the solution to multiple exclusion homelessness but there is a need for their activities and services to be directly informed by service users' agendas and priorities (Social Enterprise London, 2007). Also, survival is dependent on a strong support network of campaigners who are involved for social reasons as opposed to simply financial and commercial success. This tends to be missing from the most deprived and marginalised communities (Amin et al, 2002).

3.4 Conclusion

The literature on social enterprises and their relevance to developing employment and enterprise opportunities for homeless people has gained recognition in academic and policy circles over the past decade. As this recognition gains momentum commentators are hailing social enterprise as a panacea to address complex social issues such as unemployment and homelessness. However, as the above discussion suggests, social enterprises are diverse and complex in nature. From a theoretical viewpoint there is some contestation about where they sit in the 'third sector', depending on the context in which they are considered. The not-for-profit school suggests that social enterprises are only part of the third sector if their profits are not distributed in the organisation. Conversely, the 'social economy' school, which brings together a plethora of third sector and cooperative organisations, suggests that as long as they benefit their members or a larger collective for 'social purposes' they are social enterprises.

As well as theoretical complications, controversy over definitions and classifications is also a recurring theme in social enterprise research. Definitions are inconsistent and influenced by factors external to their agency, such as government rhetoric. Furthermore, although loose definitions provide for more social enterprise forms to be included they leave out the unique characteristics of social enterprises at the sectoral level - in the homelessness sector for example.

To aid conceptual understanding of social enterprise models, the literature points towards two conceptual mechanisms. The first Pearce's (2003) *Three Systems of the Economy* model is suggested by commentators to provide a useful starting point to define

and situate social enterprise and its place in the 'social economy'. The second is the social enterprise spectrum developed by Dees and colleagues (2001). The spectrum places social enterprises along a continuum, which sees purely philanthropic organisations at one end of the spectrum and private enterprises with a social element at the other. The criticism regarding the spectrum approach is that it reduces enterprises to the market metaphor without giving enough attention to the social impacts and outcomes of the work of social enterprises. According to the literature this is where the idea of social entrepreneurship could play more of a role in terms of understanding the nuances of the entrepreneurial spirit of social enterprise and ensuring that social enterprises are not homogenised or limited by their definition.

Moving forward, contemporary debates about the role and future of social enterprise has gained renewed focus by those operating in the homelessness sector. Work by Teasdale and fellows at the Third Sector Research Centre (TSRC), leads the way in demonstrating the value that social enterprise can have when addressing the needs of homeless people. The Big Issue for example has spread across the UK and provides employment opportunities for homeless people; the WYES focuses on enterprise development and the Crisis Skylight Cafés in London, Newcastle and Oxford, on training and work experience for example. Meanwhile, housing co-operatives, such as Riverlink are one way of providing both affordable housing and creating jobs for vulnerable people to earn a wage to remain in marginal housing. For those already experiencing homelessness, social enterprise will not of itself be a direct solution, but it does provide people with the opportunity of employment and therefore perhaps ameliorate the impact of homelessness. However, there is danger in presenting social enterprise as a 'cure all' for homelessness 'prevention' and/or 'propulsion' out of a current situation. Despite previous Labour government policies and current Coalition proposals which purport full employment as the answer to social exclusion, there is not enough evidence to suggest that social enterprise is the remedy, especially for those homeless people with complex needs.

In summary several 'gaps' in knowledge have been identified in this chapter. First regarding the lack of definition of homelessness social enterprises. A second gap is found with reference to theoretical debates about the characteristics of homelessness social enterprises and the various models represented in the homelessness field. A third highlights the current and future role of social enterprise and whether it has the potential to address the employment and enterprise needs of homeless people. This thesis aims to address all of the above mentioned research gaps, starting with Chapter five (presented after the proceeding methodology chapter (four) which details, from the perspective of homeless people, the factors related to labour market exclusion and subsequently begins to build the case for social enterprise as a critical pathway from exclusion.

CHAPTER 4: RESEARCHING SOCIAL ENTERPRISE AND HOMELESSNESS: PROCESS, EPISTEMOLOGIES, PRACTICE AND POLITICS

4.1. Introduction: Process and 'Quality' in Qualitative Research

The aim of this chapter is to focus on the process of doing research. This chapter begins by introducing the topic area within which the research was originally approached, before locating the subject within wider academic and political debates. This wider focus concentrates on epistemological issues that are raised by the examination of homeless people and how the research sought to address some of these issues. This section also introduces critical realism as the theoretical paradigm to guide the study. The chapter then moves on to introduce the research objectives and research questions. An important consideration in this regard is to ensure that the selection of methods flows clearly and logically from the research questions, but also that such relationships are explicitly documented. This is achieved, in part, via Figure 4.1 (p.104). Additional to this, the specific rationale for the choice of methods and the sequence and manner in which they are deployed is highlighted. The next section concentrates on the research design, including the detailing of the case study approach and purposeful sampling processes. Focus is also upon the use of a case study database to record findings, the use of participatory observation and interviews. Issues regarding access, informed consent, and confidentiality are also considered. A short comment on analysis and the writing process are also documented before the ethics of doing research with vulnerable people concludes this chapter.

Validity, reliability and generalisability are recognised as aims for good research (Silverman, 2010). Qualitative validity means that the researcher undertakes a number of actions to check for accuracy in the findings (Gibbs, 2007) and reliability is met through documenting the procedures of case studies as well as many of the steps of the procedures as possible (Yin, 2009). Generalisability demonstrates a number of limitations in qualitative research, as this form of inquiry is not to generalise findings to individuals or sites outside of those under study. Instead, the value of qualitative research lies in the description and themes developed in the context of a specific site. Therefore *particularity*

rather than *generalisability* (Greene & Caracelli, 1997; Creswell 2009) was the characteristic sought to ensure 'quality' in the qualitative research process throughout this study. By adopting a number of methods to understand multiple constructions of meaning and knowledge, the researcher avoids artificial claims to objectivity (Robson, 2002). The interrelation of knowledge creation, research process and the positionality of the researcher are acknowledged throughout this chapter.

The research approach taken here is a qualitative one. Qualitative enquiry enables investigation of the topic from the perspectives of those experiencing homelessness and those involved in social enterprise development. According to Silverman (2005) this method allows for participants to exercise more control during the research process in terms of explaining their experiences, opinions and ideas rather than these factors being imposed on them from the view or standpoint of the researcher. In addition, since this study focuses on 'What' questions about a contemporary set of events and addresses a phenomenon not yet thoroughly researched, a case study methodology was adopted (Yin, 2009:10). The use of a multiple case study design is valuable to this study to explore the differences between and within cases as well as replicating findings across cases (Campbell & Ahrens, 1998; Yin, 2003). Moreover, multiple case study design is particularly appropriate to this study, because its breadth and flexibility suits the largely exploratory nature of the topic under study, looking at whether social enterprise meets the employment and enterprise needs of homeless people and how different approaches achieve this end. With its diverse range of methods for data collection the multiple case study approach provides a holistic account from all actors, for example the participant observation can be used to contrast how people behaved in their daily context and compared to what they said and how they behaved during interviews.

4.2. Research Approach and Epistemological Issues

4.2.1. Defining the problem

The problem to be addressed is that research on current models of social enterprise, particularly in the homelessness sector, is limited. Scrutiny of the existing literature points to a lack of longitudinal analysis and simple anecdotal evidence, which is used in social enterprise research (Lyon & Sepulveda, 2009). Moreover, although there is a wealth of academic research on the link between unemployment and homelessness the researcher has found little theoretical and empirical evidence linking social enterprise and employment opportunities for homeless people.

Neale (1997), and Fitzpatrick (2005a) are also critical of the way many research projects seek to represent the causes and consequences of homelessness. They argue that the academic and policy literature often presents causal factors in an undifferentiated list, with neither their relationship to each other or to wider exploratory frameworks robustly investigated. Moreover, they argue, that the focus lacks conceptual and theoretical clarity. To address some of these concerns it was clear that social enterprise and homelessness would need to be researched through multi-layered contextualisation. In other words, considering individual, structural and interpersonal accounts of homelessness causation and how social enterprise might act as a response to address labour market exclusion. Fitzpatrick (2005a) suggests that the critical realist approach is a particularly effective method to examine a profound and complex social problem, to which we now turn.

4.2.2. Epistemology, ontology and theoretical approach

The term qualitative research denotes any type of research that produces findings not carried out by statistical procedures or other means of quantification (Strauss & Corbin, 1990). Within the qualitative paradigm there is a belief that multiple constructed realities exist and phenomena are complex and their meanings are not easily understood and therefore should not be taken for granted. Moreover a commitment exists to identify an

approach to understanding that supports the phenomena in question and attempts to understand the meaning or nature of experience or phenomena from the participants' perspective. Qualitative epistemology also highlights that it is not easy to differentiate between causes and effects (Johnson & Onwuegbuzie, 2004).

Qualitative researchers make an interpretation of what they see, hear and understand to try and provide a holistic account of the complex phenomena under study. Through adopting a theoretical lens, organised around social, political or historical contexts researchers aim to provide multiple perspectives related to reality and truth (Creswell, 2009). Qualitative research can also involve the use of multiple methods for investigation. It can use a variety of empirical tools to explore the richness, depth and complexity of social phenomena through methods such as focus groups, semi-structured interviews, case studies and observations (Silverman, 2005). In this context a number of methods or sources are used to corroborate one another so that the researcher is able to use some form of methodological triangulation (Mason, 1996:25). In this instance, some qualitative researchers suggest that triangulation may improve the reliability of a study (Silverman, 2010).

Under the qualitative paradigm the research process adopted an inductive approach to the relationship between theory and research by collecting data and looking for patterns and relationships in the material subsequently (Becker & Bryman, 2004). In order to link the research questions with an evidence base a phenomenological approach, which provides the philosophical basis underpinning the structure and principles of the constructivist perspective, was taken. Silverman (2010) argues that this is one of the most important ways to understand social reality through placing emphasis on the rhetorical and constructive aspects of knowledge (Silverman, 2010). It was felt that adopting this method was the most appropriate path for the research because it allowed for a focus on the subjective meanings of the participants experiences which were both numerous and varied. This enabled the researcher to engage with the complexity of views rather than narrowing meanings down into a few themes or ideas (Creswell, 2009). Moreover, constructivism facilitates posing questions about the individual's experience and how one

can understand and describe what has happened to them from *their* point of view (Robson, 2002).

The social constructivist ontology influenced the research path taken because it lent itself to an understanding of social reality based on historical and cultural norms, whereby the researcher could recognise that the subjective meanings of knowledge had been built up over time and through the processes of interaction among individuals (Creswell, 2009). With these caveats in mind the researcher was able to address the manner of relations between the homeless people and the social enterprise leaders in the case study environment and consider their experience regarding homelessness and social entrepreneurialism to make sense of meanings about their experiences of being involved with social enterprise.

The methods adopted for the fieldwork were numerous and selected to ensure ontological understanding of what 'exists' in the social world (Collier, 1994) with respect to homelessness social enterprise. It was thought that through the adoption of several methods a 'deeper' level of understanding could be sought to "identify both necessity and possibility or potential in the social world - what things must go together, and what could happen, given the nature of the objects" (Sayer, 2000:11). To reach such a position, 'deeper' understanding relies on stratification of the social world by bringing together the 'real'²⁷, the 'actual'²⁸ and the 'empirical'²⁹ spheres to arrive at an ontology which is grounded in regularities among sequences of events rather than the adopting the 'successionist' paradigm which suggests that causation is understood on the model of regular successions of events (Sayer, 2000).

²⁷ The 'real' is whatever 'exists in the realm of objects, their structures and powers' (Sayer: 2000:11)

²⁸ The 'actual' refers to 'what happens if and when powers are activated' (such as going from being unemployed to employed for example) (Sayer, 2000:11).

²⁹ The 'empirical' is 'defined as the domain of experience, although it is contingent whether one is aware of the 'real' or 'actual' (Sayer, 2000:11).

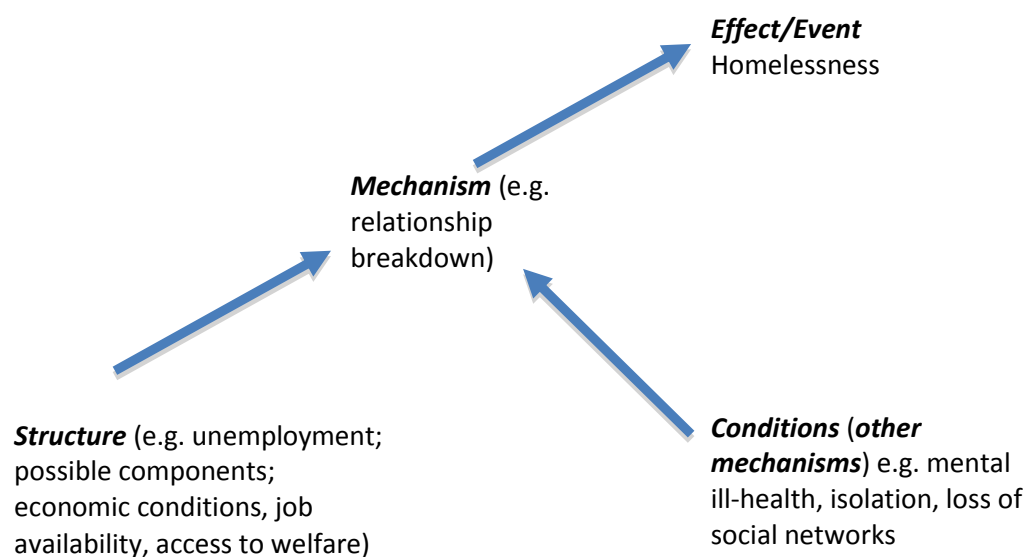
As discussed in Chapter Two, the analytical framework used to guide the research is the critical realist approach. Realism has a long-standing position within both natural and social science. While early approaches - sometimes referred to as 'naïve realism' - received severe criticism, more recent forms hold a strong position in the philosophy of social science (Robson, 2002). The original writings of Roy Bhaskar (e.g. 1978, 1982, 1990) and Rom Harré (e.g. 1981, 1986) were particularly influential. The 'new' realism has been afforded various labels, accommodating Marxist structuralism, (Blaikie, 1993) but the earlier works of Bhaskar (1989) and more recently of Ray Pawson and Nick Tilley (Pawson & Tilley, 1997) settle on the term 'critical realism'. The approach seeks to provide a model of scientific explanation, which avoids both positivism and relativism (Robson, 2002).

In simple terms critical realism "provides a rationale for a critical social science; one that criticises the social practices that it studies" (Robson, 2002: 41). Critical realism seeks to critically examine social practices by looking at the experiences, events and mechanisms in the social world that reproduce them (Blaikie, 1993). The approach is a search for the fundamental structures and mechanisms, paying specific attention to their interdependencies, in the matrices of social life (Sayer, 2000). The critical realism approach is particularly effective for this research study because it enables a more sophisticated theory of social causation to be arrived at and therefore ensures the study goes further than simply presenting superficial accounts of causality. This allows the researcher to carefully conceptualise the various components of a phenomena and consider how they combine and interact to arrive at a rounded explanation (Sayer, 2000).

Sayer's *Critical Realist View of Causation* model (See Figure 4.1) is used to analyse the proceeding empirical Chapters. The model aids analysis by first presenting the *object(s)*, which is (are) part of *structures*. Within *structures* there are a number of internally related elements whose causal powers, when combined, emerge from their components. Causal *mechanisms* that interact within *structures* and in turn are activated by other conditions (mechanisms) are then presented. The result is a certain *effect/event*. Expanding on Sayer's model, Figure 4.1 provides an example of this approach, through the lens of unemployment. In this case, unemployment is the *structure*, and the elements within this structure include economic conditions, job availability and access to welfare.

When these causal powers are activated (as when an individual tries to find work and cannot), this could put a strain on their relationship(s) (family, spouse, friends for example) causing it/them to breakdown. This *mechanism*, as well as other potential *conditions*, such as deterioration in mental health, isolation and subsequent loss of social networks, can be identified as leading to the *effect/event* of homelessness.

Figure 4.1: Critical Realist View of Causation Model (Enhanced and adopted from Sayer (2000))



It is important to note, however, that this is *one* example of a potential set of circumstances giving rise to situations of homelessness and that the same *mechanism(s)* can produce different outcomes according to context and relations with other *conditions*, which may “trigger, block or modify” its action and subsequent *effect* (Sayer, 2000: 15). For example, the UK government’s strong focus on homelessness prevention strategies, such as supporting someone early on in crisis to sustain their tenancy (Shelter, 2012) may *modify* the potential of someone becoming homeless. Furthermore, homelessness is multifaceted with no one ‘trigger’ that is either ‘essential’ or ‘sufficient’ for it to happen (Fitzpatrick, 2005a). Therefore the analysis of this study’s empirical data aims to “identify and explain various combinations of context, mechanisms and outcomes and given the

openness of social systems” (Sayer, 2000:23) the number of eventualities (regarding the interconnected causes of homelessness or development of homelessness social enterprises for example) may be extensive.

Fitzpatrick (2005a) argues that critical realism is a particularly appropriate theoretical tool to analyse homelessness because it challenges the nature of existing societies from a number of perspectives and across time to consider the individual, interpersonal and structural elements that feature in the causes and consequences of homelessness. Due to the multidimensionality of homelessness and the lack of autonomy afforded to homeless people, it was felt that critical realism was well situated to demystify the multiple exclusion problems faced by homeless people. Moreover, from a wider critical theory perspective, unique understanding of the implications of homelessness derived from communication with social actors could be sought. Based on an emancipatory interest in achieving autonomy from dominating social forces, a ‘critical’ approach would reveal any unbalanced relations between power and dependency that might exist in the social enterprise environment (Blaikie, 2007).

Furthermore engagement with a critical realist approach would ensure that the social processes and mechanisms of the social world are not taken for granted but critically explored for depth and meaning. This requires the researcher to test any assumptions regarding homeless people and the utility of social enterprise to address labour market exclusion. This sequence demands “mental re-tooling in order to learn well enough to not simply fall back into any previously held assumptions, frameworks, and paradigms” (Smith, 2009). Phenomenologists refer to this process as the ‘bracketing out’ of presuppositions to achieve in the research a state of ‘presuppositionlessness’ (Bednall, 2006). In order to try to achieve this the researcher worked reflexively to identify any ‘presuppositions’ about homelessness (such as all homeless people being ‘rough’ sleepers), to which we now turn.

4.2.3. Reflexivity

As mentioned above, qualitative inquiry is interpretative by nature, where the researcher is often engaged with participants intensively and over a period of time. This raises a number of strategic and ethical issues from the researchers' perspective, one such issue is to identify reflexively any bias, values, and personal background, such as gender, history, culture, and socioeconomic status, that may shape interpretation of the findings (Locke, Spirduso & Silverman, 1997; Creswell, 2009). Moreover, the subject of reflexivity and consideration of the ways in which "our subjectivity becomes entangled in the lives of others" (Denzin, 1997:27) is crucial to maintain 'quality' in the qualitative research process. Recent discussions by feminist methodologists draw attention to the constraints of reflexivity and how realistic it is for researchers to have full awareness of the range of influences impacting the research process and the unpredictable ways research may be understood (Code, 1995; Mauthner & Doucet, 2003). Despite such reservations the researcher is engaged in "reflexive practice" through consideration of positioning, particularly in terms of socioeconomic background, geographical location, gender and class, throughout the research process (Doucet & Mauthner, 2006). As a consequence some background of this researcher is considered appropriate to raise here.

The researcher was brought up in a 'working class' family in a deprived South coast City in England, with high unemployment and limited access to affordable housing, especially throughout the 1980s and early 90s recessions. In this context the researcher's experiences of homelessness prior to the study were concentrated - although not exclusively to - encounters with street homeless people and therefore without full appreciation of the variation of homelessness situations. Therefore the potential for the researcher to assume that all homeless people would be 'rough' sleepers and/or unemployed was high. To challenge this assumption the researcher volunteered for Crisis at Christmas and the Salvation Army early in the research process in an effort to gain deeper understanding of labour market exclusion and homelessness and how they are prompted and understood through social relations, social structures and practices. One of the challenges of this research, then, was not only to illustrate how homelessness

affects labour market exclusion and vice versa, but also how the experience of homelessness is present in the construction of labour market exclusion.

Strategically, while access to the social enterprises was not too difficult to mediate, one-on-one contact with homeless participants was problematic. During the pilot study interviews the social enterprise leader for the *Lunchbox* would not allow the researcher to interview the homeless people without another member of staff present. The researcher felt this hindered the interview process and restricted respondents from relating their 'true' experiences of working in the social enterprise. The researcher felt that the participants might fear jeopardising their position in the social enterprise or cause harm to the social enterprise if they reported negative feelings. To navigate this problem, prior to the formal case study interviews, the researcher contacted the social enterprise leaders and explained that another person sitting in on the interview would breach the confidentiality arrangement between researcher and participant and risk bias in the research interviews. Furthermore, as the interviews were with adults (people over the age of 18) they were deemed to be able to represent themselves and have control over their participation in the research process.

Highlighting connections between the researcher and the participants is also a crucial part of the reflexivity process (Creswell, 2009). "Backyard" research - where the researcher is required to study their own organisation, friends, or immediate work setting - can lead to compromises in the researcher's ability to disclose information and raise difficult power issues (Glesne & Peshkin 1992; Creswell, 2009). It can also generate problems for researcher's trying to separate everyday involvement from reflection in order to at least endeavour to be objective. The "Backyard" element was apparent in this study because the researcher was funded - in part - by Crisis and was required to investigate Crisis' social enterprise. This issue marked a departure from the original project design to shift the focus away from Crisis being a 'main comparator' case study to compare the other case studies against. The researcher felt that the possibility of bias was greater if the investigator sought to use a case study to substantiate a preconceived position (Yin, 2009), in this case about homelessness. Therefore the researcher was able

to undertake the study with a limited set of assumptions, any of which would be challenged along the way, but not added to at the beginning by favouring one case study over others.

Moreover, due to Crisis' status/role as a national lead on single homelessness, it was felt their social enterprise might unintentionally eclipse the other case studies. As such all case studies were examined equally and compared and contrasted without any hierarchical conditions attached. To avoid further bias regarding Crisis' involvement preliminary findings were presented to Crisis and the academic supervisory team. Yin (2009) suggests that this tests contrary findings and enables the researcher to contest any assumptions. This approach encouraged the team at Crisis to offer alternative explanations and suggestions and challenge their own opinions about their social enterprise. Following this process reduced the likelihood of bias as much as possible.

A further key element regarding reflexivity was the positionality of the researcher and relationships with the participants, which raised a number of issues. First with regards to positionality; initially adopting an 'outsider' role was critical to ensure an overview of the 'scene' was ascertained, allowing the researcher to note "major and distinctive features, relationships, patterns, processes, and events" (Jorgensen, 1989:56) within the social enterprise settings. This was incredibly important as once the researcher became even slightly familiar with the environment of the research subjects the unique standpoint of the 'outsider' was lost (Jorgensen, 1989). In reality a full 'insider' role was not sought or achieved as it was felt that the researcher could not relate to being in the same position as the homeless participants and did not try to. Instead the researcher sought to acknowledge and critically (although not necessarily negatively) engage with the range of possibilities and instances that involved the participants in the homelessness social enterprises (Coffey, 1999).

The second issue relates to the researcher and respondent relationship. Finding a place on the participant-observer continuum (Mason, 2002) encouraged the researcher to be actively reflexive about the 'ethnographic self' that would be created and subsequently

take part in the observations (Coffey, 1999). For example, although the researcher was introduced as such she *also* took on the *role* of volunteer where possible within the settings. This permitted access to “meanings and feelings that were less visible to the general public” (Jorgensen, 1989:60) and helped to build trust with participants prior to formal interviewing. Notwithstanding this approach the researcher was required to constantly negotiate her role between researcher and volunteer (or somewhere between ‘outsider’ and ‘insider’) and felt little influence or control (Mason, 2002) over how she was perceived. For example, many of the homeless participants associated the researcher with the local authority housing department and asked whether she had any influence over housing applications. Moreover, the social enterprise leaders were interested in whether the researcher could direct them to any funding sources. From the researcher’s perspective concerns were raised about participants trying to ‘please’ the researcher and offer information that they think might help the research, as well as being beneficial to them but which might not be factually correct. Alternatively how the researcher was perceived as an ‘outsider’, as someone who could not possibly understand their homeless experiences, could also have hindered the research process if the participants did not feel able to confide in the researcher. To mitigate these issues the researcher ensured that all participants were presented with an information sheet detailing the aims of the research and a verbal explanation of the researcher’s independence from any agency, which could help them financially or with securing housing, thus managing participants expectations of both the researcher and the research findings.

Reflections on power relations between the researcher and participants and the potential influence on research are also integral to the process of reflexivity and pose a number of eventualities (Doucet & Mauthner, 2006). Feminist research offers significant insight on this aspect of the research relationship. Feminist sociologists point to the inevitability of power imbalances in research and that researchers and respondents have a “different and unequal relation to knowledge” (Glucksmann, 1994:150). Moreover, current feminist methodologies focus on how “power influences knowledge production and construction processes” (Doucet & Mauthner, 2006:40). Questions around who produces and owns knowledge and how narratives and experiences are represented need careful

consideration in this context (Code, 1991; Harding, 1991). Mindful of these issues, the researcher had a number of concerns regarding power, knowing and representing others. From the outset the researcher was uncomfortable knowing that the funding received for the Ph.D would contribute towards her career and therefore make a positive situation for her based on the structures of poverty and inequality (Wolf, 1996). The feelings of guilt (regarding potential future financial reward) harboured by the researcher had the potential to negatively influence the research process. The researcher was mindful of the “dangers” associated with trying to be too “friendly” in interviews to offset feelings of guilt (Cotterill, 1992). Instead the interviews were approached in a friendly but professional manner whereby the researcher explained to the respondents that through sharing their experiences they were a crucial part of a collaborative research process and that by sharing *their knowledge* on the phenomenon the researcher was privileged to hear their stories. Despite these safeguards, the researcher was aware that this may still create the ‘illusion’ of equality in the research relationship and the “final shift of power” eventually would remain in the researcher’s favour (Cotterill, 1992:604).

The process of reflexive practice, discussed above, guided practical steps in the research design to limit researcher assumptions, bias and standpoint(s). First a decision was taken to disregard the categories of ‘single’, ‘family’ and ‘youth’ homelessness. Although they are discussed in Chapter Two, priority was given throughout the research to look at homelessness from all perspectives. Second, a consistent language was adopted to refer to the participants as homeless people, employees and trainees rather than simply *clients*. In the context of the social enterprises the use of the term ‘clientele’ was pertinent, because the social enterprise leaders viewed the homeless people as helping them to fulfil the enterprise’s social aims. However, the researcher felt that the term ‘client’ was more in tune with social work perspectives and may therefore denote a ‘carer’ and ‘cared for’ dependency dynamic in the researcher and participant relationships, which was felt to lend itself to unequal power relations. As such specific terms including employee and trainee were deemed to be more appropriate.

Third, the researcher's previous career as Parliamentary Researcher to a former Labour Minister opened up the possibility of a particular standpoint being taken with regard to social justice, namely the pursuit of equality, solidarity and human rights but with perhaps a hyper critical view of the societal structures that contribute to people's homelessness and exclusion from the labour market. To challenge this standpoint and provide a more rounded approach to the research process the researcher was guided by the critical realist framework (Fitzpatrick, 2005a), previously discussed in Chapter Two and section 4.2.1 of this chapter. It was felt that this was the most appropriate approach to *try* to lessen any bias or standpoint regarding the causes and consequences of labour market exclusion and homelessness and how social enterprise might address these issues. This is because it enabled the researcher to focus on a range of perceptions of social causation, not only through triangulation - by adopting multiple methods - but also by striving to expose reality. This was sought by considering a number of factors; individual, interpersonal and structural that influence labour market exclusion, homelessness and social enterprise.

For example critical examination of the culture of the third sector unearthed 'realist' accounts of the 'moral economy' of social enterprises that do not financially reward trainees/volunteers (See Chapter Eight, section 8.2.4). Moreover by scrutinising the narratives and accounts of the life trajectories recounted by the homeless participants the researcher was able to challenge the perceptions of some of their moments of epiphany. Such as linking their personally recognised major improvement in mental health with their involvement with social enterprise without consideration of other avenues of support - improved social networks, regular exercise and healthy eating, engagement with psychological services for example (See Chapter Eight, section 8.3). While this approach did not exempt the researcher completely from accusations of bias the act of *reflexivity* permitted *mindful* consideration of being overly critical and subjective about the causes and consequences of labour market exclusion, homelessness and social enterprise as a means to address these issues. Thus, allowing the researcher to consciously address any rigid standpoints, particularly those that were not supported significantly by primary data collection.

4.2.4. 'Reliability' and 'validity'

Many proponents of qualitative research evade the terms 'reliability' and 'validity' (Robson, 2002). For example Denzin and Lincoln (2000) prefer the terms credibility, transferability, dependability and confirmability. However, attempts to disclaim the traditional terms continue to provide support for the view that qualitative research is "unreliable and invalid" (Kvale, 1996:73). Therefore the researcher chose to follow the traditional terminology. The researcher followed Yin's (2009) suggestion to document the actions and the steps leading up to those actions and storing them in a database. The use of case study protocol procedures and a case study database not only lent itself to the reliability of the study's findings but also assisted with establishing construct validity (Yin, 2009). This term suggests that a set of criteria can be used for judging the quality of research designs. For example through using a number of tactics by means of multiple sources of evidence, and an established chain of events testing alternative explanations of findings (Yin, 2009). Moreover, Gibbs' (2007) recommendation to check transcripts for any obvious mistakes during transcription was heeded. This was to keep a check on the definition of themes so that 'theme drift' did not occur during analysis. This was achieved through constantly comparing the data with the codes and by writing about the codes and their definitions. The above measures ensured that the validity and reliability of the research could be as credible as possible, although as Silverman (2010:275) suggests "there is no golden key to validity".

4.3 Research Design

4.3.1. Starting point

The working title provided for this Ph.D. was 'Social Enterprise and Employment Opportunities for Homeless People'. The School of Health and Social Sciences and the 'CASE Award' sponsors, Crisis, jointly devised this title coupled with some suggested research aims and subsequent research questions. Initially the researcher was happy to work with the proposed title but, having explored the literature, decided on expanding

the title to include labour market exclusion more specifically as it was felt that exclusion from employment for homeless people was under-represented in the original title.

4.3.2 Research aim, objectives and questions

The overarching research aim for this study is to identify and understand the different ways in which social enterprise is used by organisations within the homeless sector to generate employment and enterprise opportunities for homeless people.

To achieve this aim the study seeks to address the following objectives:

1. Exploring the relationship between homelessness and employment as a context for interventions by the state, voluntary organisations and social enterprise;
2. Identifying, mapping and critically examining the use of social enterprises to generate employment and enterprise activity for/with/by homeless people;
3. Examining the characteristics of different models of social enterprise activity and exploring their relevance to organisations in the homeless sector aiming to generate employment and enterprise opportunities for/with/by homeless people;
4. Identifying the characteristics and factors in the economic, social and political context that contribute towards the opportunities and constraints facing organisations in the homeless sector looking to generate employment and enterprise opportunities for homeless people;

The following table (figure 4.2) details the research questions adopted for the study and their associated research methods. The aim of this table is to equip the reader with a clear understanding of the operationalisation of the research approach; moving from the research questions to the topic guide for participant observation and subsequently to questions included in the semi-structured interviews. The research questions were formulated so as to address and/or further develop issues that emerged from the review

of literature and policy material. Question one has been configured in such a way as to allow for effective engagement with some of the more conceptual material related to labour market exclusion and homelessness. As previously stated, one of the objectives of this project is to critically reflect on the causality between the two. Question two represents an attempt to gain an in-depth understanding of the social enterprise models/strategies that seek to generate employment and enterprise opportunities for homeless people, something that has not been the subject of much research attention in the literature. Question three aims to scope the social enterprise landscape in the homeless sector as well as highlighted their 'common' regularities, whilst question four seeks to build a stratified understanding of structures, mechanisms and resulting events/effects experienced by homelessness social enterprise through the lense of economic, political and social factors. Question five enables the collected data to be integrated and presented as policy-based recommendations for the current and future role of social enterprises operating in the homeless field.

FIGURE 4.2: RESEARCH QUESTIONS AND ASSOCIATED METHODS

Tackling Labour Market Exclusion of Homeless People: The Role of Social Enterprise			
Research Questions	Research sub-questions	Relevance to main question	Data collection methods
1) <i>In what ways does an absence of employment and enterprise activity feature in the causes and consequences of homelessness?</i>	What demographic features are pertinent to the relationship between unemployment and homelessness? (For example, family vs. individual, age, education, ethnicity, gender ect)	<p>There is considerable ambiguity regarding the causal and consequential features of homelessness and their relatedness to individual, interpersonal and structural accounts of homelessness, particularly in the wider social context where labour market exclusion is concerned.</p> <p>Traditionally, homelessness and unemployment has received attention in the literature as an 'individual' issue, sometimes related to 'worklessness'. Debunking this assumption is emerging in the literature due to Fitzpatrick and colleagues (2005a) work on bringing together individual, interpersonal and structural factors surrounding homelessness, particularly for 'multiple excluded homeless people' (MEH) (2011b). However, room remains for further investigation of labour market exclusion and MEH, an area which social enterprise seeks to address.</p>	Interrogation of relevant literature (inc. 'grey' literature) and policy documentation.
2) <i>Is there an appropriate social enterprise model and/or development strategy to generate employment and enterprise opportunities for homeless people?</i>	<p>What different models of social enterprise can be identified with relevance to projects generating employment and enterprise opportunities for/with/by homeless people?</p> <p>What elements contribute towards opportunities in social enterprise projects generating employment and enterprise opportunities for/with/by homeless people?</p>	As Lyons and Sepulveda (2009) suggest research on current models of social enterprise is limited, does not use longitudinal analysis and is at best anecdotal. Although Teasdale (2010a) outlines several models related to the homeless sector, his approach is practically informed rather than empirically lead. Therefore there has been little primary investigation of homelessness social enterprise models. And in particular their means of addressing labour market exclusion of homeless people <i>and</i> also, importantly their wider social needs including educational attainment, health equalities and/or building and maintaining social networks for example.	<p>Literature and policy review</p> <p>Interviews with employees/trainees associated with social enterprise.</p> <p>Survey</p>

<p>3) <i>What sectors of the economy are homelessness social enterprises found in?</i></p>	<p>What features and factors of social developments, to generate employment and enterprise opportunities for disadvantaged groups, can be replicated in the homeless sector?</p>	<p>Due to the lack of systematic empirical work related to homelessness social enterprise modelling and strategy development insufficient attention has been paid to where such social enterprises are located in the social economy and the aspects that delineate the various approaches. This is addressed by scoping the field of homelessness social enterprises, identifying 'popular' approaches and outlining what markets they operate in. Crucially, the review of the social enterprise literature and analysis of wider social enterprise approaches in the social economy pinpoint which models are <i>not</i> being used in the homeless sector, why, and the scope for use. Leading towards 'ideal' models (depending on homeless people's requirements) and the possibility for replication.</p>	<p>Analysis of homelessness and social enterprise literature.</p> <p>Analysis of secondary data (existing social enterprise surveys and model/development strategies adopted by case study partners).</p> <p>Analysis of <i>homelessness social enterprise survey</i> collated by the researcher for this study.</p>
<p>4) <i>What economic, political and social factors contribute towards the opportunities and constraints of homelessness social enterprises?</i></p>		<p>The UK is currently undergoing a period of substantial austerity measures to reduce economic deficits. As part of this programme the Coalition government has made significant cuts to local funding and consequently the third sector. Carrying on where New Labour left off, the Coalition have been keen to promote discussions in public policy about the ability of social enterprise to deliver public services, inadvertently to buffer against the affects of the cuts. However, although larger social enterprises are likely to have the public sector as a significant trading partner, thirty-seven per cent of social enterprise trade with the general public (Social Enterprise UK, 2011). Therefore a wider debate about the utility of social enterprise to address social deprivation in the current economic climate is essential. Particularly as organisations are expected to meet the policy agenda with reduced levels of funding to the third sector. While this is obviously a serious constraint on homelessness social enterprises, they have continued to grow in numbers and using entrepreneurial and innovative means are addressing gaps in government provision. While unemployment continues to rise, social enterprises are offering alternative means of accessing the labour market for vulnerable people, particularly homeless people.</p>	<p>Interviews with social enterprise leaders.</p> <p>Interviews with employees/trainees positioned in social enterprise case studies.</p> <p>Case study analysis.</p>

<p>5) What is the current and likely future role of homelessness social enterprises</p>		<p>According to the DTI (2003a) social enterprises have the potential to play a greater role in delivering public services and reforming the way the current sector is managed. Schemes such as <i>Future Builders</i> invested £125 million to assist voluntary and community sector organisations and social enterprises in England in their public service work. Labour were keen to encourage community entrepreneurship as a means to improve local job opportunities and skills development (DTI, 2003a). The Coalition's position on social enterprise and its function in public service delivery follow on from the previous Labour government's standpoint. Proposals for the role and development of social enterprises are set out broadly in <i>Building the Big Society</i> (Cabinet Office, 2010a; 2010b) and more specifically in both the Public Services (Social Value) Act and the Localism Act.</p> <p>Missing from these proposals and in general from the social enterprise lexicon is implicit understanding of what social enterprise models might look like, what makes them 'workable', the challenges they face and if any particular approach suits the employment and enterprise needs of homeless people. It will also be important to consider what changes might be made to the models/strategies to improve participant experience.</p>	<p>Literature review.</p> <p>Policy analysis.</p> <p>Case study analysis (including participant observation).</p> <p>Interviews with employees/trainees and social enterprise leaders and other key informants.</p>
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4.4. Case Study Approach

As noted earlier, critical realism considers multiple systems and causes in the study of social science and the possibility of different causes producing the same effects although the causes are not necessarily mutual pre-conditions for an 'event' or 'effect' to occur (Sayer, 2000). For example, homelessness might always be found *with* unemployment but that does not mean they *have* to be mutually exclusive. To ensure 'misattributions'³⁰ were limited the research design was *intensive*, meaning that the research questions, 'objects studied' and accounts produced sought to be strong on causal accounts (Sayer, 2000), such as those discussed throughout Chapter Two on the causes and consequences of homelessness. Furthermore 'interpreting meanings in context' - where the researcher interprets what the participants mean by relating their dialogue and experiences to the situation or context in which it occurred - was crucial in the research to reduce the likelihood of 'misattribution' (Sayer, 2000). Critical realism (among other theoretical approaches) endorses a wide range of research methods for this purpose and the use of case studies to highlight the 'contextual' element of the research was used to aid this process.

The fundamental concept of case study research is that one case or a small number of cases are studied in detail using whatever methods seem appropriate. The idea is that while there may be a variety of specific purposes and research questions, the general aim is to develop as full an understanding of the case(s) as possible (Punch, 1998). As such, case studies involve a mode of inquiry in which the researcher investigates in-depth a programme, event, activity or process, of one or more individuals, groups, organisations or firms. Cases are restricted by time and activity, and researchers can collect detailed information through various stages of data collection over a sustained period of time (Stake, 1995; Creswell, 2009). Furthermore, case studies involve empirical inquiry, which investigates a contemporary phenomenon in-depth and within its real-life context, particularly when the confines between phenomenon and context are not clearly evident.

³⁰ 'Misattribution' suggests that [social] objects of study have not been carefully conceptualised and the many components or influences have not been considered in terms of how they combine and interact (Sayer, 2000).

Case study inquiry also allows for the identification of many variables of interest by relying on multiple sources of evidence and prior development of theoretical propositions to guide data collection and analysis; both of which support data triangulation (Yin, 2009).

This study derives its structure and principles through adopting an exploratory multiple-case design. This collective case study approach involves “a number of cases being studied in order to investigate some general phenomenon” (Stake, 2000:437-8). The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust (Hartley, 2004). Case studies seek to consider all aspects together and therefore preserve the wholeness and integrity of the case. However, in order to achieve some focus, a limited research problem must be established that is geared to specific features of the case (Punch, 1998:153). Therefore, following Yin (2009) the unit of analysis for this study are the homelessness social enterprises. The cases serve in a manner comparable to multiple experiments, with both similar results (literal replication) and contrasting results (theoretical replication) uncovered (Yin, 2009). The researcher did not seek to specify direct replication of the case studies rather the case studies were compared for similarities, differences and transferable lessons. Broadly speaking, the case studies seek to highlight ‘successful’ models of social enterprise and look to discover the effect that various models might have in terms of meeting the employment and enterprise needs of homeless people. The outcome of the case study work presents a broad conceptualisation of social enterprise models and development strategies and their appropriateness as a policy response to addressing the labour market exclusion of homeless people.

However, the case study approach features a number of challenges. First, perhaps the largest concern is the potential lack of rigour of case study research. This is likely to occur when the investigator has not followed systematic procedures and has allowed bias to evolve and influence the findings (Yin, 2009). To mitigate these issues in this study the researcher kept a case study database to maintain a chain of evidence and challenged explanations of the findings to protect against threats of validity.

The second issue regarding the use of case studies is that they provide only a modest basis for generalisability. Generalisability is a standard objective in quantitative research but sampling from a specific sub-section of a population to make inferences concerning the whole population, for example, is usually inappropriate in qualitative studies (Silverman, 2010). Quite often a case will be chosen because it allows access. Moreover, as Mason (1996) suggests, if the researcher was able to build a representative number of cases it is likely there would need to be a large number which would preclude the type of depth analysis that qualitative research requires. While the researcher was aware of the limitations of generalisability, to challenge such limitations a multiple case design was adopted and a number of primary and secondary criteria (see sections 4.4.1, 4.4.2 and 4.4.4) were used to choose the case studies without access being the leading component for choice.

Third, case studies are seen to take too long to complete and often result in large unmanageable documents (Stake, 2000). Again the researcher used the case study database to keep a check on the amount of evidence collated and the timeframe for fieldwork completion. Also, although there were some lengthy interview transcripts the empirical chapters within this study have been presented with the key themes that emerged from the case studies rather than a long descriptive and cumbersome narrative of each social enterprise.

Despite the limitations detailed above, it was felt that the case study approach was the most appropriate method to adopt for this study due to the unique strength in the ability to deal with a full variety of evidence - documents, artefacts, interviews, and observations - beyond what might be available in a conventional historical study for example. Therefore, the case study approach for this study combined observation, interviewing and documentary analysis. The researcher used a number of methods to ensure triangulation and due to the number of research questions requiring attention. As Mason (1996:25) suggests, "the use of different methods or sources to corroborate each other ensures that some form of methodological triangulation can be achieved". The rationale for the use of exploratory case studies in this research is listed below:

1. To identify key features, conditions, and characteristics that have enabled provision of support/services to groups disadvantaged in the labour market with respect to employment/enterprise;
2. To highlight key features in the local economic, social and political context which may have enabled social enterprise organisations to emerge;
3. To reveal transferable lessons for future developments in employment/enterprise services to homeless people;
4. To uncover social enterprise model(s) for future developments in employment/enterprise services to homeless people;

4.4.1. Case sampling: criteria for choosing the case studies

The case study selection was guided by purposive sampling because it demands that the process of choosing the case studies follows a critical process, which takes into account the parameters of the population under study (Silverman, 2010). As Denzin and Lincoln state “many qualitative researchers employ, purposive, and not random sampling methods, they seek out groups, settings and individuals where the processes being studied are most likely to occur” (1994:202). The case studies were originally identified from the *homelessness social enterprise survey* constructed by the researcher for this study. The data making up the survey - including the general, although not total population of social enterprises working in the homeless field - was collected between September 2009 and April 2012. The original sample frame was taken from one hundred social enterprises working in the homelessness field. At this point the characteristics available for each social enterprise was largely dependent on the information provided on their website or the websites of associated stakeholders (such as Social Enterprise London and Social Enterprise UK) this is why subsequent email and telephone contact was crucial.

Telephone interviews were used to enable a large amount of information to be gathered rapidly. Also they allowed for some personal contact to build between the interviewer and respondent thus aiding the process of access should the social enterprise be identified as a possible case study (Burke & Miller, 2001). Despite these advantages there

were also a number of challenges associated with this technique. For example, gaining access to telephone numbers, securing time slots for the interviews to take place and managing the practical elements of the interviews, such as audibility and data recording (Burke & Miller, 2001). To navigate these issues emails were sent to potential interviewees first, describing the study, sampling logic and process, including the interview questions. Emails were accompanied by telephone calls to arrange the formal interview and agree on timings. The telephone interviews were conducted with the owners, proprietors, managing directors or project workers in the social enterprises. The aim was to produce a survey of homelessness projects in the voluntary sector with special attention to the extent of their provision of services and/or projects for homeless people, and the extent to which these initiatives generate or enable employment and enterprise for homeless people. Once the initial sample frame had been completed, the researcher continued to collate information on social enterprises working in the homeless field and updated the survey as appropriate.

Due to the definitional confusion (See Chapter Three, section 3.2.3) surrounding the term social enterprise it is important to note the parameters in which it was operationalised throughout the study. By surveying the literature it seemed that adopting a broad definition of social enterprise would be the best way forward so as not to exclude those organisations that did not see themselves as social enterprises. Therefore, the study took the Department of Trade and Industry's definition: "a business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners" (DTI, 2002). As well as using this definition as a guide a number of other factors were used as criteria for inclusion, namely: the enterprise had to trade a product or service, they had to work with homeless people, not exclusively but to an extent, and they had to either provide employment and/or training and skills programmes. The methodology also relied on the respondent's interpretation of their social enterprise, with particular reference to their primary social objective.

The decision to use a number of fieldwork sites was taken to ensure that as many of the diverse homelessness social enterprises and their respective employee/trainees could be represented as far as possible from both geographical and demographic perspectives. The decision to concentrate wholly on England for the parameters of the research was taken to maintain focus and depth in the research. While the comparison of homelessness social enterprise between, England and other parts of Great Britain (Scotland for example), would have been interesting it was deemed too ambitious and may have led the research away from the main point. Anonymity of the social enterprise case studies has been maintained to ensure, as much as possible, the confidentiality of the participants. Despite the fact that full consent was granted to publish the names of the social enterprises and their respective participants, it was felt to be in their best interests, from an ethical perspective, to maintain complete anonymity.

To begin the process of investigation desk based research of the academic and grey³¹ literature identified different models of social enterprise both in general and in the homelessness field³². In order to assess the social enterprises the Social Enterprise Coalition (2009), State of Social Enterprise survey was used to identify relevant fields for analysis³³. The process of classifying the criteria to choose the case studies was vital to ensure that links were made between the key research objectives and research questions (See Figure 4.2). With this caveat in mind the criteria, namely: *range of social aims, organisational form, scale, profitability, longevity and geographical representation* were identified. The *range of social aims* and *organisational forms* were chosen as the primary criteria for selection. This was because in the first instance it was crucial that the social enterprises demonstrated employment and/or enterprise opportunities as their primary social aim as this was the main unit of analysis for the study. Secondly, *organisational form* was important to illuminate the variety of models that were represented in the sector but which little was known about in the literature.

³¹ For example: research and technical papers, government reports, Committee Working Papers and legislation, and market surveys.

³² See table 4.2.

³³ See section 4.5.1 for further explanation of the survey.

Objective four, to identify the characteristics and factors in the economic, social and political context that contribute towards the opportunities and constraints facing homelessness social enterprises, was central to this stage of the investigation. The criteria *longevity* and *profitability* were recognised as key elements to help guide this objective. These criteria suggested that more than one of the case study organisations was required to have been in operation for a number of years and demonstrate profitability in order to identify the characteristics and factors they may share to interpret a ‘workable’ model.

Moving from the macro level of analysis concerning the research objectives (see section 4.3.2 of this chapter), towards the micro level of the research questions; all of the criteria aimed to support understanding of research question four, namely: (4a) From past and present experience can an appropriate social enterprise model/development strategy be identified for successful interventions to generate employment and enterprise opportunities for homeless people? (4b) What different models of social enterprise can be identified with relevance to projects generating employment and enterprise opportunities for/with/by homeless people? It was also deemed appropriate to look at both typically *profitable* social enterprises in the homelessness sector as well as those that are not generating a profit. By accessing a range of organisations it helped to uncover the lessons learnt and key experiences that have informed their development.

For example, in order to identify an appropriate social enterprise model it was thought to be essential to use the criteria to compare a number of factors including: (a) whether there were advantages or disadvantages to a social enterprise being run as a particular *organisational* model (i.e. Community Interest Company (CIC) as opposed to a Company Limited by Guarantee (CLG); (b) whether a range of *social aims* inhibited or strengthened the model (c) if the *scale* of the organisations contributed to the success of the model or hindered it (d) whether *geographical representation* enabled assessment of any regional economic and social factors which may have impacted the development process; and finally (e) if the type of activity pursued by the social enterprises was important to highlight whether there was a particular sector where the enterprises were operating

more than others. The following section considers both the primary and secondary criteria in more depth.

4.4.2. Primary criteria: range of social aims

The social objective of the social enterprises was required to be explicit in the organisation's operating activities and a range of other aims also had to be covered including: self-employment, training, employment directly by the social enterprise or as a consequence of work integration schemes leading to mainstream employment. The case studies selected represented a spread across these different social aims. It was crucial to glean from these criteria whether a range of services contributed to the operating activities or otherwise of the social enterprises under investigation.

4.4.3. Organisational form

The cases represented a spectrum of the specific legal structures commonly adopted by social enterprises, including: a Charity (earned income³⁴), Trust, Community Interest Company (CIC), Company Limited by Guarantee (CLG), Company Limited by Shares (CLS), Industrial and Provident Societies (IPS) and Unincorporated organisations. Organisational form was seen to be an important tool to help define social enterprise, despite the complications and international variations in legal formats, frameworks, terminology and fiscal accountability. Each form identified also uncovered the various advantages and disadvantages of adopting a particular model; tax allowances and limited liability cover should the business element fail, are two such examples.

Organisational form also guided understanding of where the social enterprise models are located within the third sector and therefore highlights the influences positive or otherwise that impacted the organisations. For example, whether they were further towards the private sector form (generating a profit through trading activities which have

³⁴ The term 'earned income' covers a number of possibilities. In its broadest sense, it indicates almost any income, which a non-profit receives from sources other than contributions and grants (Ramsden, 2007). For the purposes of this study it will indicate income from services provided or products sold. For example, the Crisis Skylight Cafés generate earned income through selling food produce and any income is 'gifted' back to the Charity.

no direct social impact but which is later reinvested in the social objective), in the direction of the public sector (which engages in a trading activity, funded, in part, by public sector money which has a direct social impact), or whether they were associated with the more ‘popular’ form of social enterprise in the homelessness sector (which engage in a trading activity that demonstrates both direct social impact and also generates financial return in direct correlation to the social impact created), it was felt that the various ‘locations’ would have some bearing on the priorities and direction of the social enterprises.

4.4.4. Secondary criteria: scale

The cases covered a range of enterprise scales according to sections 382 and 465 of the Companies Act 2006 and the European Commission definition of micro organisations.

The following table outlines the different enterprise categories:

Table 4.3: Enterprise Categories

Enterprise Category	Headcount	Turnover	Balance sheet total
Medium-sized	<250	< or equal to £25.9 million	< or equal to £12.9 million
Small	<50	< or equal to £6.5 million	< or equal to £3.26 million
Micro	<10	< or equal to £1.6 million	< or equal to £1.6 million

The researcher was keen to cover a range of enterprise sizes to uncover whether their size contributed or hindered their operating activities. There was some concern that size may be a limiting factor when yielding an appropriate number of interviews from the smaller organisations but this assertion was unfounded.

4.4.5. Profitability

Profitability was defined for the purposes of this study to be Net/Retained Profit (operating profit less financing costs such as tax, salaries etc.) whereby accounting earnings are retained by the enterprise for reinvestment in its operations rather than being paid out in dividends to shareholders³⁵ (Dury, 2009). The term profitability was deemed preferable as a measure because it is a recognised and accepted financial instrument used by accountants across public, private and third sectors (Dury, 2009). Within this context enterprises can assemble cash flow projection forecasts to identify when breaking-even point may be reached, meanwhile, allowing small business start-ups to manage costs. All of these elements needed to be considered before net profit can be realised. The measurement was chosen instead of the Social Return on Investment (SROI) tool, which has been developed especially for measuring the social impact of Third Sector Organisations (TSOs). There were a number of reasons for this. Predominantly, the use and experiences of SROI in the UK has so far been limited (Arvidson, Lyon, McKay, & Moro, 2010). Although there is a growing interest to use the tool there is not sufficient evidence in practice-based and academic inquiry to suggest that it is a credible measurement tool (Arvidson et al, 2010). Profitability, on the other hand, is a long-established technique, routinely used by economists and others across disciplines and in different national contexts.

Social enterprises do not, at present, generate the kind of profit usually associated with the private sector. Therefore it was appropriate to measure this criterion against a range of accounting definitions rather than using a sliding scale of 'turnover' figures. The definitions used included: *deficit* (i.e. no profits) whereby grants and/or contracts are the main source of capital; *breaking-even* so there is essentially no profit to reinvest but operating costs are covered; and *making a profit* where all profits are reinvested in the organisations' social objective(s). This criterion was felt to be critical to illuminate the balance of intention between the social enterprise's aims to make a profit against

³⁵ The shareholder element does not feature in definitions of social enterprises because by their nature they are not allowed to distribute profit. However as the term, profitability, originates from accounting disciplines and is used in the private sector it was felt necessary to use the term in full.

meeting their social objectives. Profitability also formed a crucial component of the social enterprise development strategies/models, under investigation, acting as a critical link to the type of organisational form most likely to yield profit.

4.4.6. Longevity

The life span of the social enterprise was thought to be key in helping to build up a picture of the different stages of business development. It was important for the study to include a range of case studies that demonstrated social enterprises in various phases of their life cycle. This enabled lessons to be learnt about how the business evolved, problems experienced along the way, turning points and success factors. For example, the researcher was keen to understand if there was an appropriate marketing strategy implemented in the start-up phase and if there was sufficient consumer engagement to establish 'need' for products/services. Moreover, as the social enterprises moved through the infancy stage, how did customers become aware of the product/service? And finally, as the organisations became established in the market, how were solid positions established and what factors were in place to challenge competitors? To address these questions the cases represented different stages of the business life cycle from: start-up (6-18 months) young (18-24 months) established (2 years or more). It was hoped that by looking at social enterprise longevity the study would be able to establish how the social enterprise business strategy had evolved and include elements of prioritisation, budgeting, funding, production, distribution and marketing.

4.4.7. Geographical representation

It was important to draw the case studies from a range of English regions to uncover whether there were higher proportions of social enterprises in different regions across England and the reasons, or otherwise, for more support for social enterprise approaches in these areas. This criterion was also critical to ensure that different socio-economic factors and political landscapes, with respect to homelessness, were examined. The objective was not to cover full geographical spread, as the number of case studies and

subsequent practical limitations of the study did not permit this. Instead the case studies selected covered the following regions; London; South West; East of England and the East Midlands.

4.4.8. Criteria for choosing the participants

Due to time and resource limitations, it was not possible to interview all members of staff involved in the social enterprises. Therefore, a non-probability informed purposive sampling strategy was adopted to enable strategic and cross-contextual comparisons (Mason, 2002). It is argued that this approach is less likely to result in biased samples than others (Denzin & Lincoln, 2000). The sampling method supported the aims of the qualitative research approach, as it did not look to portray a statistically representative sample or draw statistical inference. Indeed, a phenomenon need only appear once in the sample (Wilmot, 2005).

The sampling frame was generated in the field, within the chosen homelessness social enterprises, rather than using an existing structure. Moreover, the frame was conducted while being mindful of the potential for organisations to nominate preferred candidates who may not represent the full range of issues and views associated with the social enterprise (Wilmot, 2005). Four key sampling characteristics were required of the study. First the purposive sample had to include a mixture of those who were relatively new to the social enterprise; those who had been involved with the organisation for a longer time period (12-18 months); and those who were considered to have had long-term involvement (18-24 months). The minimum age requirement for participants was set at 18 years old as the age of adult legal status in the UK. Also this set the boundaries of the study to focus on adult homelessness as opposed to youth homelessness.

Second, all attempts were made to have an equal amount of both male and female participants where possible, to reflect the demography of each social enterprise. The second was that the sample was taken from three levels, namely, those who initiated and/or ran the operational aspects of the social enterprises (social enterprise leaders), those employed or being trained by the social enterprises, and those known to the

organisation or local homeless projects as experiencing homelessness. This strategy not only supported the analytical aspect of the study but also encouraged data triangulation to examine different social enterprise perspectives and whether they met the employment, enterprise and employability needs of homeless people (Silverman, 2005). Third was that, where possible, participants were chosen with a view to their current or previous experience of 'deep' social exclusion. As discussed in Chapter Two, Levitas and colleagues (2007:9) refer to 'deep exclusion' as a phenomenon across more than one domain or dimension of disadvantage, resulting in severe negative consequences for quality of life, well being and future life chances.

In order to measure this, participants were evaluated against the Bristol *Social Exclusion Matrix* (B-SEM), (See Chapter Two, Section 2.5.2) containing ten dimensions of potential importance in social exclusion³⁶. Prior to interviewing, preliminary observation of the selected social enterprises was undertaken to aid credibility and which enabled the researcher to demonstrate some degree of familiarity with the organisational culture under investigation (Arksey, 2004). Furthermore, to strengthen the sampling strategy a series of typologies to select participants was used in line with the size of the social enterprise and the availability of employees. First, in the strategic selection of interviewees, were the informants who were particularly sensitive to the area of concern, new recruits and those who appeared naturally reflective and objective in the organisation. Second, the more 'willing to reveal' informants who had been in the organisation for a significant period of time and finally those who seemed frustrated and likely to rebel, for example (Hammersley & Atkinson, 2007). Finally, the participants were recruited through the researchers own contacts and key gatekeepers³⁷ within the social enterprises (See section 4.7 for further discussion).

³⁶ See appendix 3 for the Bristol Social Exclusion Matrix (B-SEM) table.

³⁷ A 'gatekeeper' is an individual or collective of individuals in an organisation, for example, that controls access to the research participants. They hold 'power' regarding access and present possible ethical dilemmas (Silverman, 2010).

4.4.9. Preliminary case studies and pilot study

Eight case studies were chosen from the *homelessness social enterprises* survey, constructed by the researcher for this study. They were chosen from a population of one hundred possible social enterprises and in line with the primary criteria (see section 4.4.2.) and secondary criteria (see section 4.4.4.). From these eight case studies, five were eventually chosen (including Crisis Skylight Café(s) due to their initial involvement in the CASE partnership. However, it was felt that all of the organisations identified had the potential to provide significant supplementary evidence as case studies in miniature per se. The supplementary case studies helped to strengthen theoretical assertions by looking for similarities across the themes identified in the different models/development strategies. For example, the supplementary cases enabled the researcher to corroborate the preliminary findings from the survey and literature search and test assertions about the differences between entrepreneur-led and charity led start-up social enterprises; whether legal structures were chosen deliberately so that the design of the model was ‘fit for purpose’ or more accidental; and what the link with the local economy represented. Drawing evidence from a wider cross section of the case studies rather than concentrating wholly on the five main case studies aimed to answer all of these questions more effectively.

In order to develop a robust final framework for the study the researcher conducted a pilot case study, with a *WISE* in the East of England, to test out any issues around formal observation and to try out the interview schedule prior to the main study. Silverman (2010) suggests that this is a key feature of most kinds of good qualitative and quantitative research. The pilot interviews enabled the researcher to become familiar with the interview schedule and ensure that it would illicit interesting and substantial data. Subsequently this highlighted any required changes to the schedule to better address/answer the research questions. This approach to piloting is “more formative”, assisting not only the “relevant lines of questions - but possibly even providing some conceptual clarification for the research design as well” (Yin, 2009:92).

One of the key advantages of the pilot study was to uncover the potential challenges of interviewing vulnerable people one-to-one. During the pilot interviews, key workers, insisted on being present in the interviews due to safety considerations. However, it meant that the employee/trainees might not have felt able to talk openly about their experiences in the social enterprise. To circumvent this issue during the formal study process, an email was sent to all social enterprise leaders to highlight that the researcher had undergone a full Criminal Record Bureau check and as the participant's were over the age of 18 they were considered adults and therefore free to make their own judgement as to whether they wanted to be interviewed without the support of a key worker. Essentially the pilot data offered significant insight into some of the basic issues being studied. Coupled with the ongoing review of the literature pertinent to the study the final research design was settled on not only by considering previous research but also a new set of empirical observations (Yin, 2009).

4.5. Methods

The main components of the fieldwork are provided below to guide the reader through the methods used. The key areas included:

- A descriptive survey with telephone enquiries (100n) scoping the field of social enterprise and homelessness; longitudinal 2009-2012 inclusive (306n)
- Participant Observation (informal); fieldwork diary used to keep notes (50n)
- Participant Observation (formal); observing homeless people in the social enterprise environment (27n)
- Interviews with homeless people (14n)
- Interviews with social enterprise leaders (15n)

4.5.1. Survey

The working definition of homelessness for this research was constrained for practical reasons to people who were already in touch with the social enterprises. This meant that people would have probably been in contact with homeless agencies and organisations prior to their involvement with the social enterprise and were therefore more likely to be deemed statutorily homeless at some point. However it was also recognised that some of the participants would not be statutorily homeless or classify themselves as homeless or formerly homeless. Telephone survey interviews were carried out with 100 homelessness social enterprises and the case studies chosen from this cohort consequently. The survey increased to 306 homelessness social enterprises between 2009-2012 but due to time restrictions telephone surveys were not performed after the original 100 had been carried out.

A database was used to manage the survey information. There are a number of advantages for using a database to keep and manage information. In particular, a database can save time by accessing information with a simple query. It enables stakeholders (such as homeless agencies in this context) to share information and once the information has been added all employees can view it. Moreover, one is able to see how records and data have changed over time thus highlighting potential trends (Connolly & Begg, 1996). The production of a survey aided this study by identifying social enterprises working in the homeless sector. From the survey eight preliminary case studies were chosen before the final five were settled on (see sections 4.4.1 and 4.4.9) (excluding Crisis Café, London). They covered a number of different social enterprise models³⁸.

To aid the development of the survey, initial contact was made with the Ethical Enterprise and Employment Network (3xE) at Crisis who bring together organisations using social enterprise and supported employment models and organisations working with unemployed people who are homeless or at risk. They provided access to their existing survey of organisations working with homeless people and those at risk.

³⁸ WISE; AWET; Employment; Client-led; Entrepreneur support; hybrid; and profit-focused.

Colleagues at the Third Sector Research Centre, based at Birmingham University, also made their survey of homelessness social enterprises available. Following this, England's Regional Development Agencies (RDAs)³⁹ were approached, prior to their abolition in 2010. In three cases there was direction to RDA spin-off agencies specifically dedicated to bodies in their region. This included RISE, the voice for South West social enterprise (closed in 2012), Social Enterprise London (SEL) and Social Enterprise East of England (SEEE). A general Internet search, using key words, such as social enterprise, homeless people and employment opportunities was also conducted. This yielded good results for well-established organisations with profiles on social enterprise support agencies.

The data collection process involved emailing each social enterprise with an abstract to explain the Ph.D study. This was followed by a telephone call. For larger organisations a large amount of information was available from their websites but for smaller organisations the telephone survey interview was vital. After collaboration with colleagues at Crisis and Middlesex University, it was felt that in order to strengthen the survey follow up telephone calls to establish extra criteria (size of organisation, ratio of employees, volunteers and clients, and geographical location) would be included.

The survey does not claim to capture the total population of social enterprises operating in the homelessness sector. Rather it is the representation of those organisations offering employment, enterprise and training opportunities for homeless or formerly homeless people. Also, it should be noted that some social enterprises operate in more than one capacity. For example, many provide a mix of direct employment and training, or exclusively employment or training. Moreover, many offer a supportive working environment too, which does not lead to permanent employment but aim to lead to mainstream labour market jobs. Finally, the telephone survey revealed that some social enterprises do not work exclusively with homeless people; they also work with other disadvantaged groups as well as homeless people. Despite these caveats, the survey does

³⁹ The aim of RDAs was to create sustainable economic growth across England, enabling local communities to fulfil economic ambitions. The RDA contacted were Advantage West Midlands; East of England Development Agency; East Midlands Development Agency; London Development Agency; Northwest Regional Development Agency; One North East; South East England Development Agency; South West Regional Development Agency; Yorkshire Forward.

looks to represent a first step towards improving the understanding of social enterprise activity in the homelessness sector with regard to employment, enterprise and employability opportunities.

4.5.2. Participant observation

Participant observation was used in this study to enable the researcher to understand, from the standpoint of participants, what occurs, how things happen and who or what is involved and why, in particular situations (Jorgensen, 1989). Therefore, observing 'real life' settings enables knowledge of the social world to be gained (Robson, 2002). Through participant observation, generating data on social interaction in specific contexts, as it occurs, appears to be more advanced than simply having retrospective accounts from participants to verbalise and reconstruct a version of events (Mason, 1996). In other words, this process may be more ethical to enter into and become involved in the social world of those being researched, rather than 'observing from the outside' (Mason, 1996). There are a number of features which suggests that participant observation was especially appropriate for this study (Jorgensen, 1989:13-14):

1. When little is known about the phenomenon under investigation;
2. When there may be important differences between the experiences, views and interpretations of insiders as opposed to outsiders;
3. When the phenomenon is difficult to access or hidden from the view of outsiders;

The researcher felt that participant observation would be particularly useful when trying to understand the inner workings of the social enterprises, such as exploring the relationship between the social enterprise leaders and the employees/trainees in their everyday work alongside what they say in the interviews (Silverman, 2010). It was also interesting to observe how wider support services, either in the parent organisation or an affiliated charity contributed to the employment, enterprise and employability of homeless people. Participant observation therefore combines well with interviews to

form a more holistic picture of meanings and interactions from the participants' perspective, in their everyday environment, with a particular focus on interpretation and understanding from the researcher's viewpoint (Jorgensen, 1989). A guide was constructed for use during the formal observation sessions and can be found in appendix seven.

Participant observation was used in the second phase of the study after the survey had been collated. The method was used to gain insight into the daily activities of the various case studies. The researcher was able to volunteer on several occasions for two of the case study organisations, where this was not possible work shadowing and tours of various sites were used to aid the observation process. The participant observation period allowed insight into interactions, action and behaviours of staff in their 'natural environment'. Furthermore, it enabled the researcher to gain the trust required to ask questions about the social enterprise and the work programme for the employee/trainees as well as helping to shape the formal interview schedule.

While volunteering in the organisations may have enhanced the depth and breadth of understanding of the environment and the participants, which may not have been achieved as a complete outsider to the research, issues around objectivity, reflexivity and authenticity of the research come into question (Corbin-Dwyer & Buckle, 2009). These issues are of particular importance if the researcher comes to know too much, or is too close to the project or too similar to the participants, in terms of shared experiences (Kanuha, 2000:444). The former concerns, were largely offset as the researcher maintained a position somewhere between an 'outsider' and 'insider' (See section 4.2.3). However the latter issue - concerning shared experiences - had the potential to impede the research. The researcher's early childhood experiences concerning parental relationship breakdown, emotional abuse and mental ill-health mirrored the experiences of the majority of the participants. Therefore the researcher was mindful that her perceptions could be influenced by personal experience and as a consequence could encounter difficulties separating it from that of the participants. Awareness of these

issues meant that the researcher avoided, as far as possible, shaping and guiding the interview process from the core aspects of her experience opposed to the participants. This offset further problems during the analysis stage where emphasis was placed on the participants' standpoint and not on the shared factors between the researcher and respondents for example (Corbin-Dwyer & Buckle, 2009).

4.5.3. Interviews

To gain an understanding of the social enterprise models and development strategies and their suitability to meet the employment and enterprise needs of homeless people semi-structured interviews were conducted with the employees/trainees (homeless/formerly homeless people) and social enterprise leaders. The nature of semi-structured interviews allowed the researcher to "focus on issues of particular importance to the research questions, to probe and clarify comments made by the informants and to use prior knowledge to help in the process" (Rose, 1994:24). This type of interviewing is commonly used in flexible designs - such as in this study - either as the only method or in combination with others. The concept of the interview is to ask a number of questions related to key research themes. The interviewer will have an initial topic in mind but the flow of the interview will be determined largely by the interviewee's responses (Robson, 2002). The distinct advantage of adopting this style of interview, compared to the structured approach, was that it allowed the participants to converse freely rather than being inhibited by fixed questions (Silverman, 2010).

However, the use of semi-structured interviewing does raise a number of issues. First the interview method is heavily dependent on individual's capabilities to verbalise, interact, operationalise and remember (Mason, 2002). Consequently it is difficult to guarantee the honesty and appropriateness of participants' responses. Therefore it is important not to treat what the interviewees' share at interview "as a direct reflection of understandings 'already existing' outside of the interview interaction" (Mason, 2002:64). Furthermore, flexibility of the interview may lessen reliability of the data. Enabling the researcher 'freedom to probe' and ask additional questions could introduce bias into the results. This is because the researcher gets to decide which answers to probe and how to probe them,

thus potentially influencing interviewee responses (Mitchell & Jolley, 2010). However, a researcher who is aware of this possibility will a) make an effort to minimise such bias and b) take it into account in any analysis. Finally due to the volume of data produced open-ended questions are difficult to analyse and compare (Mitchell & Jolley, 2010).

Despite these criticisms, semi-structured interviews were deemed the most appropriate style of interviewing for this study as they allowed the researcher to engage in an interactional dialogue, or two-way exchange with interviewees, allowing knowledge to be reconstructed rather than just reproduced as facts during the interview (Mason, 2002). Also the amount of detail a semi-structured interview affords provides a level of depth to represent the 'true' reality/realities of the participants, which a more structured approach does not allow.

Ethical concerns are also pertinent regarding qualitative interviewing. For instance, asking questions around sensitive subjects, such as traumas and tragedies, which may lead to interviewees becoming distressed and worried deserves particular consideration (Mason, 2002), to which we now turn. In the original research design focus groups were going to be used in conjunction with the interviews. However, during the Ph.D transfer panel, the decision was taken not to use them. This was because the researcher was concerned about how comfortable the homeless people might feel about sharing their experiences with one another and also concerns over the researcher's ability to manage group dynamics, personal disclosure and possible distress in the group (Owen, 2001).

While the researcher has strong interpersonal skills and a number of years experience working with vulnerable groups she felt she did not have sufficient knowledge to keep the participants 'safe' and navigate emotional discussion towards a more light-hearted atmosphere. Moreover, the researcher's temptation to over-empathise with people in general could have blurred the lines between research and therapy (Mason, 2002). There were also major concerns regarding confidentiality and the number of methods and sheer volume of data that would be collected (Krueger, 1994). Therefore the focus groups did not take place.

The interviews were conducted once the case studies had been identified in phase two of the study (the construction of the survey). The aim was to complete no less than four interviews per case study, two with the trainees/employees⁴⁰ and two with the social enterprise leaders⁴¹. After piloting the interviews, some reworking of the questions took place. This is because the interview schedules, particularly for the homeless participants, highlighted that some of the questions were overly complex and difficult for some of the respondents to ascertain. This was possibly a reflection of a learning difficulty and/or lack of experience or confidence in an interview situation. Therefore they were reworked to ensure greater clarity. Despite this, the context of the questions remained largely the same.

The pilot interviews also emphasised other aspects that did not work. Many of the homeless participants appeared quite reticent to share their stories, owing possibly to low self-confidence, a sense of embarrassment and failure, lack of trust and perhaps a feeling that they had nothing of importance to add to the research (Owen, 2009). Following these insights the researcher embarked on field visits and volunteering prior to formal interviewing to initiate trust. Considerable efforts to put respondents at ease throughout the interview process were also attempted by eliciting a friendly environment in a setting chosen by them. Listening intently and allowing respondents to talk in as much depth as they needed, without interrupting them or moving them on, was also integral to the process (Owen, 2009).

The researcher used the interviews to gain deeper insight into the reality of homelessness and related employment paradigms from the homeless person's perspective, and secondly to identify if and how social enterprises and employment opportunities address issues of homelessness. The interviews also served to obtain information from stakeholders (including the social enterprise leaders) associated with the case studies to generate data about their experiences of social enterprise. This phase of the research aimed to address all of the research questions.

⁴⁰ See appendix 8 for the interview topic guide for homeless participants.

⁴¹ See appendix 9 for the interview topic guide for social enterprise leaders.

4.6. Analytical Steps and Writing

The hard data from this study comprised of a survey, interview transcripts, documents⁴² (from the case studies), observational logs, informal conversations and field notes. Attempts were made to consider all of the data during analysis. Data analysis occurred from early on in the research process. This allowed data to be reviewed in the light of the research questions as well as the opportunity to test out methods (refining where needed), findings and concepts (Silverman, 2010). As well as keeping the case study database up to date and reviewing what information would be pertinent to each case study, a long period of transcription of all the interviews took place. For the majority of the interviews, verbatim transcription took place, which allowed the researcher to become fully immersed and familiar with the data. During transcription, notes were made in the margins of the transcripts to guide the researcher regarding potential themes. While all of the main case study interviews and observations were typed up, there was not the time to fully transcribe every interview with the supplementary case studies and informants. Therefore, this material was written up in summary form instead and drawn upon to substantiate findings.

Half way through the data collection and subsequent transcriptions, the researcher produced a summary document to detail the main details and emerging themes emanating from the data. This involved a *broad* reading of the data overall. For example, the main details of the homeless person's life (age, ethnicity, gender and how they became homeless), especially their experiences of labour market exclusion and social exclusion were lifted from the transcripts. Initial recurring themes were also identified in the transcripts and presented in the same document. The preliminary findings, along with those from the *homelessness social enterprise survey* were discussed with the academic team, which provided the researcher with the opportunity to challenge the interpretations made and question any assumptions being inferred from the data (Mason, 2002). Moreover it enabled the refinement of the interview schedule to ensure that recurring themes were investigated during the interview stage.

⁴² Business plans, annual reports and policy documents for example.

The next step was to use NVivo 8 (analysis software) to analyse the data. Although some of the initial interviews were *prepared* (making sure all headings were the same, for example) for import to NVivo a series of technical issues meant that the process was too time consuming and dangerous (in terms of losing data) to continue. Moreover, the researcher felt that using computer software could impose a narrowly exclusive approach to the analysis of the data. This is because NVivo was originally constructed with a Grounded Theory method of analysis in mind; therefore potentially excluding other forms of analysis such narrative or discourse approaches (Seale, 2010). Taking these factors into consideration the data was *not* analysed in-depth using NVivo but instead by more traditional methods of pen and paper and copy and pasting into Word documents. The following discussion focuses solely on the use of this method as opposed to the use of NVivo.

The next step was to summarise the main areas of data collection to provide a holistic account of the data. First the key categories from the *homelessness social enterprise survey*⁴³ were converted into pivot tables in Excel. This allowed for each unit to be converted into percentages allowing a set of descriptive statistics to be identified. This highlighted, for example, the common legal and ownership forms adopted by the social enterprises (See Chapter 6). As well as lending themselves to data triangulation, these descriptive statistics proved invaluable in providing an overall feel for the homelessness social enterprise sector and offered an invaluable resource to check back for clarification during the writing process.

The interviews with homeless people and social enterprise leaders were then split up into chunks by question area. For example, all the responses relevant to questions such as: 'Tell me how being involved with *New Start* has helped you with work and training opportunities?' or 'How do you think what you do fits in with broader political and economic concerns these days?' (See Appendix 8 and 9) were identified and brought together. Next the process of open coding took place, whereby notes and headings are written in the text while reading it (Elo & kyngas, 2008). Each response was examined for

⁴³ Geographical representation; sector; social objective; legal form; ownership; social enterprise model type.

analytical categories, which were highlighted with florescent pens and then an associated theme and/or summary word noted in the margins. These categories were 'observer identified' via thematic analysis, rather than being guided by a theoretical framework (Hammersley & Atkinson, 2007; Pirani, 2009). This process "helps researchers move their analysis from a broad reading of the data towards discovering patterns and developing themes" (Boyatzis, 1998:7). A search for these themes in the responses of other participants was performed in the process of coding. Coding was used as a means of identifying concepts from and within the data (Pirani, 2009). Following Miles and Huberman (1994), coding provides for the rich material to be combined and distinguished so that further reflections can be made on the data by the researcher.

Data in the transcripts relating to these categories was then read and re-read to justify the inclusion of the themes, such as the *growth of homelessness social enterprises* and their associated *characteristics*. Through further reading to confirm viability of the themes, more sub-themes emerged, such as *localism* and the *work-programme* to allow the analysis to reach a deeper analytical level. Then a significant amount of work ensued to manually search for passages in the text that addressed the research questions. It is also at this point that the researcher attempted to "play", analytically, with the data "to ensure a diverse set of evidence" (Yin, 2009:129). Following Miles and Huberman's (1994) technique a number of data displays - mind maps⁴⁴ - were created in Word to examine the data in finer detail. This approach organised thinking around specific themes, their relation to each other and any sub-themes that might be emerging. The coded data was then organised under categories defined as "being about something or relating to some particular topic or theme" Coffey and Atkinson (1996:27) and importantly in line with the study key research questions. A certain saturation point was reached with the data when it was felt that the same issues were being reinforced, but now new ones had arisen (Cramer, 2002). However due to the large volume of data the analytical process does seem to have been exhausted so hopefully further opportunities to uncover new insights may be uncovered in the future.

⁴⁴ See appendix 10.

The next step was to analyse the passages associated with the key themes previously identified across the data set⁴⁵. This moved the analysis process on from simply coding and data retrieval to find meanings within the passages. Coffey and Atkinson (1996:139) refer to this as “generalising and theorising”. The data was analysed following Sayer’s (2000) Critical Realist View of Causation model (See section 4.2.2). This required the researcher to critically - although not necessarily negatively - assess each passage to consider both multiple realities and corresponding realities. This was achieved by using Sayer’s model and changing the units of analysis for the *structure, mechanism and (other conditions)* and eventual *effects*. For example, Figure 4.1 presents one possible view of the cause of unemployment, however if different elements are added to the model, other realities become apparent. Also by finding similar components in the text corresponding realities can be found to form a ‘true’ representation of the *effect/event* from the view of the majority of respondents. At first this approach took the researcher a significant amount of time to plot the various components next to the main units. However as the technique became more familiar the researcher was able to take a less practical approach and was able to perform the analysis cognitively. To ensure that this process was as robust as possible the researcher moved between the examination of the finer details of the text to the ‘bigger picture’, posing questions such as what were the underlying meanings for the participants (Pirani, 2009) and what external influences and hidden processes could have impacted their representation of events at the time.

While all of the data was analysed following the broad thematic and more in-depth critical realist approaches, a further method, narrative analysis, was adopted to represent the cases of homelessness and labour market exclusion of respondents in Chapter 5. This additional analytic technique was deemed appropriate to embed the homeless participants firmly in the research. The researcher was keen to understand the life histories of the people to understand at what points different factors contributed to homelessness and labour market exclusion. Narrative analysis informed this understanding as it enabled the researcher to focus on the ways in which the participants made and used stories to interpret their world (Lawler, 2002). The key part of

⁴⁵ Survey, documentary evidence, case study interviews, participant observation, field notes and informal conversations.

interpretation of the accounts, however, “was to analyse not just for the facts (or experience) but also to view the facts and the interpretation of the facts as intertwined” (Lawler, 2002:243). This was achieved following the same methods as described above as applied to the rest of the data. What became apparent is that each respondent arrived at an ‘identity’ of themselves as being homeless or formerly homeless and provided a chronological account of how they came to that understanding (Ricoeur, 1991).

4.7. The Politics of Doing Social Research: The Ethics of Research with Vulnerable People

Research with vulnerable people is a complex process, which requires robust ethical measures to safeguard both the participants and the researcher (Silverman, 2010). The researcher obtained the appropriate ethics committee approval (at university level⁴⁶) and in line with the British Sociological Association due to the homeless backgrounds of the participants and the subsequent physical and emotional distress they were experiencing or had experienced. Issues around the ‘ability’ of ‘vulnerable’ people, particularly those with mental health or learning disabilities to give informed consent, is widely debated (Wiles et al, 2005). It has been suggested that where possible researchers should work closely with potential ‘vulnerable’ participants to ensure that the information about the study is presented in an accessible way (Wiles et al, 2005). However, researchers are not always able to do this, as they have to navigate through various gatekeepers. There are two issues regarding gatekeeping. First concerns regarding the participants’ safety and whether the gatekeepers trust the researcher to ensure that the respondents do not come to any harm. The absence of trust could mean that some people are denied the opportunity to be involved in the study. Second and closely related is that some gatekeepers will not allow potential participants a choice about whether to join in the research (Heath et al, 2005; Wiles et al, 2005; Miller and Bell, 2002).

⁴⁶ Please see appendix 4 for an approved copy of the ethics code of association.

The researcher made the approach to the gatekeepers with the above considerations in mind. During the pilot study it was felt that gatekeepers were safeguarding potential participants because they stipulated that a chaperone had to be present during interviews with trainees. Following this, the researcher contacted all case study organisations to outline the ethical importance of confidentiality and one to one interviewing. The case study organisations then agreed via email and telephone correspondence that they would follow the participant sampling strategy (see section 4.5) so that the researcher could direct the process of selection as far as possible. To further protect the interviewees an information sheet⁴⁷ was provided before meeting via the social enterprises. When putting together the information sheet the researcher felt it was important to avoid sophisticated academic detail and complexity (Mason, 2002). Therefore detail regarding the research was communicated in non-academic prose to appeal to people without former knowledge of the subject area and, importantly, to account for any learning difficulties associated with the participants with a lack of formal education. The information sheet, along with verbal communication from the social enterprise leaders, made clear to participants that the researcher would also be observing them in their working environment. Gaining *overt* access to the social enterprises from the highest possible authority associated with the social enterprises and parent organisations meant that all those involved in the research were *aware* of the presence and role of the researcher (Silverman, 2010). This overt approach to participant observation, which also involved bottom-up access,⁴⁸ sought to form a dialogue of trust between the researcher and the participants.

The provision of information is closely associated with gaining consent from study participants (Wiles et al, 2005). The researcher obtained informed consent⁴⁹ as much as possible from all participants involved in the study. Informed consent requires the researcher to explain the context of the research and outlines the rights of the participants involved in the study as well as those of the researcher to share data with other academics and stakeholders and highlights issues regarding anonymity so that the

⁴⁷ Please see appendix 5 for a copy of the information sheet.

⁴⁸ Bottom-up access involves the researcher meeting participants first, where possible, before asking them to take part in the study (Silverman, 2010).

⁴⁹ Please see appendix 6 for a copy of the consent form.

participant understands and agrees (usually through signatory) with the study guidelines (Silverman, 2010). The obstacles to getting informed consent every time related to two aspects. First were homeless participants who had literacy difficulties in reading the information and second from the social enterprise leaders who were concerned about issues of confidentiality. The former was navigated by reading the details of the information sheet aloud to participants and the latter by informing the participants that all people and organisations associated with the study would be provided with a pseudonym.

Despite offering a clear information sheet and consent form there were still some concerns as to whether it was possible to gain 'true' informed consent where the aims of the research were truly understood and the participant's right to withdraw or refuse to take part were fully realised (Silverman, 2010). To safeguard these concerns the researcher talked through the consent form, making explicit what the different forms of consent meant and the implications of accepting them - how the data would be used for example - ⁵⁰and also ensured the participants that their involvement could be made completely anonymous and that they could withdraw from the study at anytime. This mitigated against any 'assumed consent'. Participants were also allowed to go off the interview topic guide and talk about what they wanted to. Although all of the participant's signed to demonstrate their consent and waived their right to anonymity, it was felt to be in the best interests of those involved in the study to completely anonymise both the case studies and the interviewees thus limiting any potential 'harm' to those involved. Participants were also made aware that the findings from the research would be disseminated in conjunction with Crisis. The majority of participants were aware of Crisis however those who were not were provided with information and reassured that the organisation exists to advocate on behalf of homeless people and therefore, along with the researcher, would seek to represent their views and experiences appropriately. Dissemination of the data will also permit the participants to determine the credibility of the study for themselves (Creswell, 2009).

⁵⁰ The participants were able to choose from a number of 'types' of consent, including: consent to digitally record; consent to use direct quotes in academic publications, reports and at conferences; consent to representation as a case study partner; and consent to share transcripts with research partners and wider stakeholders.

A further ethical consideration is power in the research relationship. Feminist enquiries have long considered the relationship between researcher and researched and the affects of research on those involved (Millen, 1997). In the power relations of interview interaction, for example, it is usually assumed that the researcher has power over the respondents. This is said to happen prior to the interview by setting the agenda and afterwards by controlling the use of data (Mason, 2002). Therefore, a key concern in doing research with vulnerable people is that they are not exploited by the research. Thus the researcher has a crucial role to ensure participants' experiences are not dismissed or interrupted by the researcher to fit the objectives of the research study (Millen, 1997).

With this in mind the researcher was *initially* keen to develop a reciprocal relationship between the researcher and the researched. Reciprocity is argued by some feminist scholars to encourage a nonexploitative relationship where the people being studied are not viewed just as a source of data (Owen, 2001). Rather the research relationship is based on a process of information sharing, which encourages trust between the actors (Maynard, 1995). While the researcher did share some personal information, with regards to mental ill-health and traumatic life experience, it was still felt that a truly reciprocal relationship could not be achieved because the researcher's contributions were still largely factual in contrast to the personal experiences that the participants contributed (Ribbens, 1989). It would have been naive, therefore, to try to develop a reciprocal relationship. Instead a friendly and warm approach was taken while remaining slightly detached (Owen, 2001) as well as attempting to offer some elements of choice and control in the research process, to which we now turn.

It terms of degrees of choice the researcher was keen to make sure that the participants had the opportunity to articulate their own identity as opposed to being labelled. Allowing space for subjects to self-identify as homeless or formerly homeless limited the researcher's assumptions about their homeless pathway and what stage they may be at and how they came to be there. There are practical issues associated with self-definition because many people who have been recognised as statutorily homeless may not view themselves that way (Jones; 1999; Cramer, 2002). These issues were mitigated by the

researcher who did not need the participants to self-define according to homeless legislation but to feature in one of the wide-ranging categories of the ETHOS table⁵¹.

In order to build some elements of control for the participants in the research process - both emotionally and regarding representation within transcripts - it was made explicit that they could listen to the digital recording at any point and ask to see copies of the transcripts. Furthermore, although informed consent had been agreed prior to the interview process individual's were informed that they were free to leave the research process at any time if they were uncomfortable and/or experiencing any distress. Therefore a process of phased consent was made available to the participants (Silverman, 2010).

A final, small attempt to try to equalise the researcher/informant power relationship concerned the use of incentives to thank the participants for their involvement. The researcher provided refreshments (soft drinks/biscuits/pastries etc) for interviewees where possible and if not offered by the host organisation. Reimbursement of travel expenses was not required but a £10.00 store voucher was given to the homeless participants, as a gesture of gratitude, and this was given at the end of the interview. By giving the voucher at the end of the interview it was felt that the participant was not being coerced into trying to 'please the interviewer' and rather being thanked for their knowledge and time and not for what they said (Bulmer, 1986). This voucher was not an inducement, as the interviewees did not know they were going to receive it, therefore the researcher did not feel that it skewed the data or persuaded an otherwise reluctant interviewee to participate. Instead the incentive was seen to be a direct and tangible benefit of the research for the participants, and as such might have enhanced feelings of goodwill.

⁵¹ See appendix 1 which categorises homelessness situations (adapted from FEANTSA, 2008).

4.8. Conclusion

This chapter has outlined the research process and the reasons for choosing the case study research design and associated data collection methods. A survey, coupled with participant observation, semi-structured interviews and documentary evidence have been discussed regarding their potential to uncover the micro processes of social enterprise development in the homelessness sector. This multiple and flexible approach to data collection allowed for triangulation of the findings and the scope for social enterprise and homelessness to be examined from a variety of angles, thus taking a 'realist' approach to the stratification of ontology. Moreover, the data collection methods detailed a significant source of 'rich' data, which has generated unique knowledge and theory in relation to the link between social enterprise as a means to address the labour market exclusion of homeless people.

CHAPTER 5: LABOUR MARKET EXCLUSION AND HOMELESSNESS

5.1. Introduction

This chapter presents an analysis of the experiences of homeless people in relation to labour market exclusion. Following on from Chapter Two, the reader has been introduced to literature on labour market exclusion and homelessness, and via Chapter Three, the broad conceptual issues and models associated with social enterprise as one policy response to address unemployment for vulnerable groups. To build on this work, this chapter looks to develop an understanding of unemployment, specifically barriers to employment for homeless people through qualitative data and analysis. To achieve this the following chapter draws on the evidence collated from fourteen semi-structured interviews with homeless and formerly homeless individuals identified from this study's case study organisations.

This chapter consists of three main sections. The first section draws on the analysis of interviews to construct a typology of the elements associated with labour market exclusion. To aid the analytical process the Life Cycle study developed by Levitas and her colleagues (2007) was used as a guide. Their original framework presents the multidimensionality of social exclusion, across four stages of the life cycle⁵² (see Chapter 2, section 2.3.4). This is expanded and modified here. First by adding a number of further elements related to social exclusion but with focus specifically on labour market exclusion. Second through removal of the *later life* aspect as this is where the role of social enterprise is introduced (see Chapter Six) as a means to tackle labour market exclusion and therefore address further exclusion in later life. The result is a typology of specific barriers to the labour market, which involves a number of elements that can be both a cause and consequence of homelessness at any point across the life cycle. The analysis followed the critical realist view of causation (Sayer, 2000). This was to aid complex understanding of homelessness from individual, interpersonal and structural perspectives, following on from Chapter Two (Fitzpatrick, 2005a). A realist position allows

⁵² Childhood, Youth, Adulthood Working Age, and Later Life.

for the analysis to consider different realities; corresponding and opposing and where possible a critical account of whether ‘true’ correlations between the real and actual causation of social reality can be uncovered (Sayer, 2000). The following critical realist analysis follows that many, if not all, of the dimensions of the typology are “simultaneously exclusionary outcomes *and* causal factors for other dimensions of exclusion, although the strength and direction of causality will vary for different lengths of time and at different points in the life cycle” (Levitas, 2007:24). Following this, the second section examines the different parts of the typology, which are explored in turn, to uncover the critical components of labour market exclusion and homelessness across the life cycle.

The third part of the chapter reviews the histories of homelessness of some of the employees/trainees using their interviews as further evidence to support the myriad of mechanisms contained within the typology. This provides deeper insight into how the absence of employment and enterprise featured in instances of homelessness. This approach follows Anderson and Tulloch’s (2000) recommendation that using life histories to explore pathways into and out of homelessness over time provides scope for increased rigour in qualitative research with homeless people. Finally some conclusions are drawn.

5.2 Labour Market Exclusion and Homelessness

Referring back to Chapter Two it was outlined that research on homelessness to date has been varied, in terms of homeless people’s backgrounds, housing histories and housing preferences and also their support needs (Fitzpatrick, 2006a). Recent work by Fitzpatrick and colleagues (2011a) concerning ‘macro level’ impacts of homelessness causation has built on this research. However, it may be argued that room still remains to contribute further to theoretical and empirical work to understand homelessness at the ‘macro level’. The following discussion takes a ‘macro’ approach by examining, through the empirical work of the semi-structured interviews, the relationship between homelessness and acute labour market exclusion.

While early work by fellows at Centre for the Analysis of Social Exclusion (CASE) - see Chapter Two, section 2.5.2 - uncovers some of the key concepts that underlie social exclusion and how they can be linked to homelessness it is the more recent work of Levitas and colleagues (2007) and Fitzpatrick (2006a), also alluded to in Chapter Two, that will be used to operationalise this study's empirical work. They provide multidimensional analysis in their works to highlight the importance of 'deep exclusion' and how homelessness should be considered as a consequence of such embedded exclusion rather than an outcome simply of housing market pressures for example.

Figure 5.1 represents a typology of labour market exclusion, which utilises Levitas' and colleagues (2007) life cycle elements to enable the conceptualisation of how barriers to work and unemployment have occurred and become embedded over time from childhood through to adult age. Culminating in acute labour market exclusion and homelessness for the people involved with this study. The diagram also lends itself well to suggest that individual, interpersonal and structural factors *all* play a role *over time* in the causes and consequences of homelessness (Fitzpatrick, 2011b). This approach to re-working and re-assessing a conceptual framework is a methodology favoured by realists. The aim of re-formulating existing typologies is to "broaden and deepen ontological knowledge to build more real representations of social phenomena" (Olsen, 2009:5).

Figure 5.1: A typology of labour market exclusion⁵³

1: Childhood	2: Youth	3: Adulthood and working age
Family breakdown Experiences of care Physical and sexual abuse Disrupted education	Low educational attainment Experience of criminal justice system Mental ill health Substance mis-use Relationship breakdown Homelessness	Few or no qualifications Time served in prison Formal 'dual diagnosis' mental ill-health and Substance mis-use Relationship breakdown Benefit restrictions Redundancy Disrupted employment history Lack of confidence Poor social networks Employer exclusion 'Unsupportive' public and voluntary agencies Stigmatisation Relocation Transport exclusion Homelessness

Source: Interviews with homeless participants and subsequent analysis (enhanced and adapted from Levitas, 2007).

The following discussion develops the framework of social exclusion arising in the context of the labour market and explores how each part of the typology lends itself to a matrix of labour market exclusion.

5.2.1 Childhood: the beginning of labour market exclusion

One of the key findings from across the data highlighted how childhood trauma was prevalent in all fourteen of the interview responses from employees/trainees. Evidence from the case interviews suggests that the individual's began to be excluded at a young age through some kind of childhood trauma, which produces a number of subsequent effects.

⁵³ The dashed lines in the table represent the position that the elements of exclusion are not absolute and can move within the life stages.

For example, family breakdown, experiences of the care system, physical and sexual abuse, disrupted education, leading to loss of peer networks and isolation. The interviewees experienced one or a number of these elements, which prompted acute 'deep exclusion' and homelessness. This is in keeping with Atkinson's (1998) suggestion that relatively speaking people do not experience a form of absolute social exclusion whereby someone can be deemed excluded solely by reference to his or her circumstances in isolation. Other individual and structural forces will have an impact at any one time.

Rachael talks about how the loss of her parents and younger brother led to her family breakdown, subsequent relocation and the disruption in her education:

...“I left school. My Dad passed away up in Knowle [Bristol] but we moved back to Southmead and I lost my Mum. Erm, I had a brother, he drowned in a river [Henleaze Lake in Bristol] and he was only nine”...(Rachael; New Start).

As well as family breakdown another significant factor was Rachael's experiences of the care system. She talks candidly about how being in care left her homeless:

...“I was in care when I was younger and er when I come out of care, well I have got a very strict step dad, that blamed me for things that weren't my fault so at 15 I was homeless for a few weeks. Then I moved in with me boyfriend's dad and found out I was pregnant and then it just all went from there really”...(Rachael New Start).

Physical and sexual abuse was also prevalent across the case studies as Fred explains:

...“I used to get beaten every week at school and I mean beaten by a cane so badly that my buttocks would bleed. I was abused as a kid, physically and sexually abused. I have only managed in the past few years to erm it wasn't that you know, I spent my whole life wondering what was so great about being sober”...(Fred; Green Cycles).

These findings correspond with broader debates about troubled childhoods. Key findings from Fitzpatrick and colleagues (2011b), Dwyer and Bowpitt (2012) and Brown (2012) studies suggest that the beginnings of what they call *multiple exclusion homelessness* (MEH) in adulthood do indeed start in early childhood. While this does not suggest that all people who experience such traumatic beginnings will go on to experience MEH in adulthood, it does allude to the potential impact that family breakdown, experiences of the care system, physical and sexual abuse and disrupted education can have on young lives. It is often the *combination* of these experiences, which impact how children construct their worlds and their abilities to form and maintain meaningful relationships (McDonagh, 2011). This can lead to difficulties forming childhood peer networks potentially resulting in feelings of isolation. The lessons one learns as a child regarding making and continuing friendships are incredibly important in the workplace. Having a sense of social awareness, the ability to make others feel at ease are arguably key aspects when attending interviews and ‘achieving’ in the workplace (McDonagh, 2011). These early childhood experiences mark the beginning of labour market exclusion through hampering a child’s social awareness.

5.2.2 Youth: labour market exclusion becomes embedded

It could be argued that there is a ‘blurring’ of boundaries between the childhood and youth phases of the labour market exclusion typology. Fitzpatrick (2000:75) suggests for *some* young people at this point they may be vulnerable to a “downward spiral” of homelessness dependent on the *location* and *stability* of their accommodation and the *status* (‘official’, provided by voluntary and public services or ‘unofficial’ provided by friends and family) of their accommodation. So they are either living within troubled homes, being cared for by the state or possibly sleeping ‘rough’. They are not quite child and not yet adult, which compromises their autonomy to a certain extent. A mix of structural and individual factors reacting with one another at this stage may compound the lack of autonomy. With respect to the main structural factors, housing market trends and policies may be impacting families struggling to pay mortgages and rents. Welfare arrangements may further hinder these housing difficulties (Stephens, Fitzpatrick, Elsinga, Steen & Chzhen, 2010), as well as a restricted labour market, including a lack of jobs

suitable for young people and limited access to apprenticeships for example (Centre Point, 2012).

Personal issues and structural elements become intertwined, for example low educational attainment, in state care and in mainstream school were reported by interviewees. Truancy from school and shoplifting to 'get by' and to 'ease boredom' led to initial introductions to the criminal justice system. Individuals also reported starting to use alcohol and drugs during the youth period. While it is important to remember that the causation of homelessness is complex, with no single element that is either essential or adequate for it to occur (Fitzpatrick, 2005a; Fitzpatrick 2011a; Mayock et al, 2011) there are a number of factors in the youth stage that when combined have the potential to lead to 'deep exclusion' and homelessness. Essentially it is the same 'triggers' of homelessness causation that are inextricably linked to labour market exclusion.

A lack of formal education and qualifications and interpersonal skills development is an integral feature of labour market exclusion. Low levels of educational achievement were recorded across the interviews. What became clear is that the disrupted childhoods of the individuals had led them to move schools a number of times and naturally to withdraw from the formal education process. As Sally explains, acute exclusion issues were not just about not having formal qualifications but also about the stigmatisation she experienced when the school and her fellow pupils were aware of her personal difficulties. When she was not able to cope in mainstream school she started to mis-use substances:

...“I was in mainstream school and then in a children’s home, erm, it was difficult going back to mainstream school because things were put in my papers and that. So a lot of people were aware of what had happened. They thought it was best if I went to the school in the children’s home because of the stigma but it was more like activities, rather than; we did Maths and English, they were like engaging activities. After a couple of years I went back into mainstream school but I couldn’t cope and I never passed any exams and I never really went to school I was always in the toilet with a bag of glue or something, you know what I mean”... (Sally; Revitalise).

The living environment for Matthew was critical to his disengagement with the formal education process. He lived in an estate in East London and became involved with a gang and took part in other street activities [selling/taking drugs and drinking], which compounded his experience of labour market exclusion:

...“I didn’t really go to secondary school, I was one of them ones who was in a gang, bunking and getting into trouble. I didn’t really get any qualifications or nothing”...(Matthew; Inspire).

Although the majority of the employees/trainees had low levels or no education some had previously obtained level 1 and level 2 qualifications, and some had NVQ’s. Two had a degree with one of them having a Masters too. But many had left education during the youth stage without any qualifications. It is important to note here that despite these outcomes qualifications are one measure of someone’s intellect.

Several participants had experience of being in prison. One participant explained encountering the police in his youth through drinking and taking drugs and violent disorder and was consequently asked to leave South Africa where he was living at the time:

...“I lost it big time because of the drink and drugs. I was living in South Africa at the time and I got into trouble with the police and I was given a passport and a one-way ticket and asked to get out. I don’t know how to tell you but not one of us here [social enterprise] has an unblemished record or anything like that. One way or another we have all come through the mill”...(Fred; Green Cycles).

Having a criminal record can be extremely exclusionary in terms of getting employment (Cloke et al, 2010). This obviously depends on the severity of the offence but it is another element in the matrix of exclusion, which is being built through the youth stage. Criminal offences can also be a factor in the causes and consequences of homelessness. For example, an offence punished by a prison sentence may jeopardise housing arrangements and therefore increase vulnerability to homelessness once released. The potential consequence of homelessness is that homeless individuals are more likely to

engage in criminal activity particularly drug-related crime if an addiction issue is present (Roebuck, 2008).

Finally the participants talked about their experiences of youth homelessness and how engagement with hostels, for example, compounded or prompted their substance mis-use. The substance mis-use was also related to deterioration in mental health. As Phillip explains:

...“I have been homeless, I slept on the street when I was 16/17. It was a hard time for me. They tried to kick me out of another home and I said I wouldn’t go and I would go and stay with my mate. Social services say you can’t do that because he hasn’t been checked by the police. So I slept on the streets. In the end they put me in a hostel and that’s where all my problems started. I was so depressed doing so much drugs and things like that it was ridiculous”... (Phillip; New Start).

Despite the good intentions of emergency accommodation providers, the drug and alcohol culture within hostels appears to prompt or embed substance mis-use problems. Given the shortages of rehabilitation beds in specialist accommodation and the increased availability of street drugs, the number of hostel residents with persistent drugs problems is escalating (Cloke et al, 2010). This makes it incredibly difficult for those who want to stay clean to do so (Cloke et al, 2010) and crucially creates an environment for impressionable young people who may feel pressure to ‘fit in’ to try drugs. They may enter the hostel having never taken drugs, like Phillip, and then leave an addict. The mix of substance mis-use and mental ill-health presents further exclusion issues and adds another layer of complexity when trying to access employment.

In summary, at the youth stage there are a number of factors regarding accommodation and the *type* of accommodation that *could* cause a young person to “spiral” into homelessness. This evidence adds weight to Fitzpatrick’s (2000) findings. Building on these findings and those of others in the field, the above discussion suggests that there are also a number of individual, interpersonal and structural elements working together at various points in time in the young person’s life that can also contribute to labour

market exclusion and homelessness. Essentially, the key structural elements are access to and the suitability of housing and a lack of formal education. Combined with other personal factors such as, experiences of the criminal justice system and mis-use of alcohol and drugs begin to embed significant 'deep exclusion' issues. Together they form a framework of exclusion set in place for labour market exclusion in adulthood.

5.2.3 Adulthood and working age: labour market exclusion firmly entrenched

The childhood and youth phases discussed above suggest that there are often individual vulnerabilities, support needs and 'risk taking' (drug and alcohol mis-use and petty crime) behaviours implicated in some peoples' homelessness. These elements can be rooted in the pressures associated with poverty and other forms of structural disadvantage (McNaughton, 2008). At the same time, social relationships, which are supposed to act as a primary 'buffer' to homelessness can be put under strain by adverse economic circumstances (Lemos & Durkacz, 2002). Furthermore, deteriorating structural conditions can also be expected to generate more 'individual' and 'interpersonal' vulnerabilities to homelessness over time (Fitzpatrick et al, 2011b). At the adulthood and working age stage, the impacts of 'deep exclusion' are firmly in place, lack of material and economic resources, barriers to social and cultural participation, education and skills and finally general quality of life regarding health, living environment and exposure to crime have become embedded in the young person's life (McNaughton, 2008). However in adulthood and working age the interviews uncovered further issues leading to labour market exclusion, which is discussed below.

The impact of homelessness on getting and keeping benefit entitlement

Evidence from across the employee/trainee interviews revealed structural issues around welfare system complexity and administrative bureaucracy both of which heavily impacted on homelessness and getting and keeping benefit entitlement. Participants suggested that the welfare system was overly complex and the information regarding how to access and use benefits was often mis-communicated by Job Centre staff. The evidence also suggested that benefits simply pay more than the low skill level jobs

available to ‘deeply excluded’ and long-term unemployed people. This last point poses a significant problem regarding the subminimum wage, where people - particularly young people and those with a mental and/or physical disability - are paid less than the minimum wage, thus severely impacting their standards of living (Weaver, 2012). One interviewee explains the situation in terms of administrative bureaucracy. Indeed it is housing benefit that seems to complicate matters the most. Sally had to consider whether or not to give up her first ever job because although she was working under the agreed 16 hour rule⁵⁴ her wages pushed her over the threshold of what she could earn while in receipt of housing benefit and carers allowance:

...“I am on carers allowance because I care for my son, they sent me a letter saying I could earn up to £200 a week without it affecting my carers allowance, then I had a letter saying that I had to inform income support but because it’s over what the law states you’re allowed to live on. They’re on about stopping my income support. If they stop my income support, they stop my rent and my council tax but I can’t afford to pay full rent and council tax on the wages I get from here because it’s less than 16 hours. I can’t claim family working tax credit and if I earn more than £100 they stop my carers allowance. So I either cut my hours down so I’m just under what I can earn or give my job in. I am finding it difficult at the minute, when you’re trying to get into work to better myself. It’s like I am in a catch twenty-two situation, what do you do?”...(Sally; Revitalise).

Along with evidence regarding the ‘benefits trap’ there were also illuminating accounts from the interviews regarding employees/trainees experiences of public and voluntary support agencies. Job Centres received a large number of negative comments from interviewees, while respective local authorities and local voluntary job search organisations also received some criticism. As was often the case for many of the participants the most frustrating manifestations with the Job Centre were closely related to the system of *how* benefits are paid and the *conditions* regarding signing on and off benefits to take on full-time work. As Phillip explained he felt ‘stupid’ when the

⁵⁴ Claimants cannot work over 16 hours a week, if they do their benefit is stopped.

temporary contract he was on was suspended before Christmas suggesting he felt like the company was aware that they might not be able to keep him. He then had to wait some time to be paid while the Job Centre processed his benefits claim to bridge the deficit for subsequent living costs:

*...“I was told I had a job until Christmas and then I went in one day and they told me in front of loads of people that I was no longer needed, that happened to me three times and I felt so stupid. I just wish they told me the truth so I could sign off and get everything sorted out. Then you end up waiting three or four weeks for pay and then the job centre say you can’t turn down work but it’s difficult between signing off work and then back on again so quickly. The job centre doesn’t see it the way we see it, they should get out in the real world and see it the way we see it”...**(Phillip; New Start)**.*

Furthermore, Fred suggests that due to public sector funding cuts he feels that the Job Centre are only interested in short-term outcomes:

*...“The job centre don’t want to know and you’re moving around temp jobs and trying to get something more permanent and you’re stuck in this cycle and there is no funding. The job centre is only looking at the short term how much money they are going to save”...**(Fred; Green Cycles)**.*

In addition there was a general feeling among the participants that the Job Centre put a lot of pressure on people to find work without taking into consideration their wider personal problems and support needs:

*...“It’s the job centre. They always moan at you, you’re supposed to do that you’re supposed to do this. Basically, they erm, get on at you and I can’t stand the pressure. When I was having problems with my daughter or when I was sick and depressed and everything else”... **(Sandra; Revitalise)**.*

Both of these accounts suggests a lack of personalisation regarding job search and meeting the wider support needs of individuals, especially in terms of mental health.

There was appreciation from some respondents about the pressure the Job Centre staff were under to cut costs and make services more efficient. However, employees/trainees were often confused about the benefit process and lost in a deluge of paperwork and form filling. The system is also not well suited to current trends in the labour market, regarding short-term and temporary contracts, as the evidence presented in Phillip and Fred's account suggests. People need to be able to access welfare support again quickly should their contract end suddenly. Therefore instead of individuals being assisted into work they are often excluded from several angles. This is represented in three ways; first, through strict conditions regarding the 16 hour rule, second through the mechanisms allowing people to sign on and off support when temporary contracts end and third through a lack of personalisation in terms of wider social support needs. What is clear is that flexibility to support vulnerable and long-term unemployed people is missing from the current benefit system and the agencies supporting it.

Participants also reported structural disadvantages related to the structure and administration of housing benefit. Melissa explains how her local authority did not offer her any help, which she believes was due to her American sounding accent. Although British born, she spent her youth in the States, therefore a number of 'checks' on her eligibility for welfare support had to take place. Her relationship with her family broke down and she became homeless:

...“The local council wouldn't help at all because of my accent. I didn't know about this place [the hostel] so I was sleeping in B&Bs so finally my money was running out it was pretty bad. I was scared. I was a little terrified. I trusted my family here and they, well, I fell through the cracks”...(Melissa; The Lunchbox).

The length of time taken to support Melissa, meant that she 'fell through the cracks' and into homelessness because she was excluded from welfare support.

As well as the length of time taken to get support through the local authority other people, particularly male respondents relayed difficulties when trying to access social housing. The requirements to bid for properties, often in the middle of the working week, they felt were holding them back from searching and maintaining continuous employment:

...“I am sort of staying with my mum and friends here and there. They [local authority] are just not interested in males they just don’t care. I’ve taken suitcases down and just plodded them into the Council and said ‘I need a place’. Well, ‘why can’t you just rent a place?’ At the time I wasn’t sort of working or anything else, so I had no deposit and it’s just hard trying to get yourself back on your feet after you’ve just split up from your partner. You know, instead of job-hunting you’ve got to go down every month or every couple of months to make sure you are still on that list. But it’s in the week and if you’re working, you struggle, because you can’t do both”...(Nigel; New Start).

Nigel, as a single homeless male, does not qualify for priority need assistance through the local authority. Therefore his gender, lack of dependents and the policy of the local authority excluded him from accessing affordable accommodation. Essentially he is trapped in the ‘no home, no job’ and ‘no job, no home’ dichotomy. Nigel has experienced structural disadvantage by a constrained definition of homelessness, which prevents him from receiving local authority assistance, but he suggests that the local authority is *also* the cause of his current exclusion from housing and employment. This is due to the requirement to express his need for housing assistance in person. However, this only requires a few hours of leave from work once a month or every few months. The ‘reality’ is that a number of other causal (and often related) *mechanisms*, such as a weak labour market, lack of social housing stock and restricted social networks, for example, impact Nigel’s homelessness and not the *effect* of having to visit the housing office in person as he suggests.

Limitations regarding public service support received heavy emphasis in the employee/trainee interviews. However it is also worth mentioning some of the barriers which people faced when seeking job search services from voluntary organisations. Some respondents mentioned that there was a lack of interest and care taken by the advisor to find 'suitable' employment:

...“The girl who was my key worker was supposed to help me look for work. I was her only client or maybe two of us and she limited herself to do only job search. I was supposed to have help with CVs, computers, interview preparation and job search. She said here is the job site, I have found three, and you should apply. In theory how long did it take her to find this? There really was no point going there for me”...(Alex; Unite).

The Job Centre is currently working with a benefits system, which is not up to speed with the mainstream labour market of today (Castella, 2012). They also have limited resources and therefore staff may be struggling to meet targets and maintain enthusiasm. This pressure is compounded when 'deeply excluded' individuals need additional social support. As such agencies and services may need to take a more holistic and flexible approach to support.

As well as the structural and institutional causes of labour market exclusion discussed above other individual and interpersonal elements are working in tandem to entrench exclusion in adulthood. For example participants also reported difficulties concerning 'patchy' work histories, which are difficult to explain in interviews. Perhaps this is because they were in prison at the time or undergoing treatment for substance mis-use. Even if these reasons were not part of the equation, as Andrew suggests, simply not having a work history makes potential employers mistrusting:

...“I don’t have a work history. You wouldn’t trust me [laughs]. I haven’t been in prison or anything. I did apply for a lot of jobs but I didn’t really have much luck. People weren’t giving me a chance. I am hard working and motivated and have a fairly good education. I didn’t get a chance because of work history reasons. I would quite like to have a stable job”...(Andrew; Media 4 All).

Others talked about whether or not to be honest about the reasons there were gaps in their employment histories as Jeffrey explains:

...“I am finding that employers are thinking ah he hasn’t worked for a year, why hasn’t he worked for a year? You try and be as honest as you can in your CVs and erm I got very good on dates anyway I would say some of the dates are slightly dodgy on my CV”...(Jeffrey; New Start).

Employment histories and the reasons for being out of work are further compounded when redundancy - a broader structural force - is also introduced. Several individual’s had been made redundant. As Lawrence highlights he was made redundant and could not take up post in the new office because of the distance:

...“I used to work for a company and they went bust and part of the company went back to where the head office is in Newton Abbot, I couldn’t travel there, so I was made redundant. This was about two and a half years ago”...(Lawrence; Revitalise).

In fact distance and the necessity to travel for work was reported to be a significant cause of exclusion for people when trying to access work. Lawrence talked candidly about the struggle to have enough money at the start of the week to pay for travel to work:

...“Every Monday you have got to find your first bus fare. For some people, their signing on day may be the middle of the week and by the start of the next week they could be out of money because it’s a pittance. So, they struggle to find their first bus fare”...(Lawrence; Revitalise).

Phillip also highlighted how he thought having his own transport would transform his life:

...“As soon as I can get transport it will just change my whole life, I can get a job anywhere then. Public transport is so bad here. The local connections are terrible and the buses can make you late for work, which adds more pressure. Especially if it [job] is out of town too there is travelling out and back costs”...(Phillip; New Start).

This account illustrates just how important access to both - timely - public and personal transport is in reducing labour market exclusion. Respondents also talked about how those who were able to relocate (i.e. without dependents, caring responsibilities and tenancy agreements with a local connection) could access employment far easier than those who could not. But even then relocation comes at a cost of losing social networks and may only be feasible if the job is permanent. The employees/trainees said they would be less willing to move for temporary contracts. However with a turbulent employment market where there are now around 1.35 million people taking on multiple part-time jobs to make up full-time hours and who would rather be working full-time but cannot access employment (Curtis, 2012) people may not be able to exercise that choice. Where does this leave someone who is already experiencing multiple exclusion issues?

Structural variables such as the structure and administration of housing benefit, redundancy, negative experiences of public and voluntary support bodies, disrupted employment histories and travel and relocation costs are major contributing factors to exclusion from the labour market in adulthood and working age. It is also at this point that people who have experienced multiple exclusion issues may be diagnosed with a dual mental health and substance mis-use problem. For some individual's, where they have secured an interview, having to disclose a mental health issue caused some employers to discriminate against them. This was particularly prevalent among those with a serious mental health issue, such as schizophrenia and people who require drug withdrawal medicine. However people recovering from alcoholism reported fewer barriers to mainstream employment.

There are also a number of less obvious personal affects associated with homelessness and labour market exclusion. People's quality of life, a key social exclusion indicator according to Levitas and colleagues (2007), is severely impacted. Factors include: *isolation* ...“I felt like the whole world was on top of me, nobody to talk to”...(Sandra; Revitalise) the *loss of social networks*, which severely limits information about work possibilities and access to opportunities ...“I never had nobody. No family, no friends, no nothing”...(Sally; Revitalise) and *stigmatisation* ...“People, they are just rude and very ignorant and they think you have a disease because you have lived on the street and half of us haven't even lived on the street. I have, but I am not a bad person”...(Melissa; The Lunchbox). The above elements form part of the matrix of instances that can lead to homelessness and labour market exclusion in adulthood and working age, particularly for 'deeply' excluded adults:

...“Social exclusion is my problem because I am homeless and unemployed. For example on the interview, I say, I am unemployed and homeless and looking for work and then people usually say oh er and then they never call me back. People treat you like a leper so it is not a wise thing to tell them this at the interview”...(Alex; United Cafes).

The impact of receipt of benefit on being involved in governing/managing social enterprises

The above discussion regarding benefits levels, confusion over their access and restrictions on taking up mainstream employment are well documented in policy and academic literature among other issues (see Griggs & Evans, 2010; Goulden, 2010 and Rugg, Rhodes & Wilcox, 2011). However the following accounts provide further insight on how those that have been homeless and are now running/managing their own social enterprises are also held back. First in terms of the structural sanctions put on individual's meaning that they cannot *manage* a social enterprise *and* claim welfare support because they are working over 16 hours a week, as Fred, a formerly homeless interviewee and now social enterprise leader explains:

...“I don’t know how I am going to pay my bills this month. But I wanted to get off benefit because I am not allowed to be doing this [managing a social enterprise] on the incapacity benefit. I phoned them Monday morning and said I don’t want any more money. Tuesday morning somebody else called me and said we are reinstating your benefit. I couldn’t tell them what I have achieved here because I would have been letting the cat out of the bag and then they could sue me for the benefit they have been paying me. The dilemma I face at the moment is trying to get off benefits; as you can see they are trying to reinstate it! I want to pay my rent but it only takes them to come down and investigate me and I’ll be up the creek without a paddle”...(Fred; Green Cycles).

Inflexibilities in benefit entitlements when employing people with multiple exclusions issues

A second issue inhibiting social enterprises are difficulties concerning the employment of vulnerable and long-term unemployed people due to structural disadvantages associated with the restrictive nature of the benefits system, in particular the administrative difficulties around taxation. A number of the interviewees, who were formerly homeless but now manage social enterprises in the homelessness sector have considered making employees self-employed to avoid the pitfalls associated with the 16 hour work rule but also for tax efficiency reasons. As Andrew suggests he barely earns enough to support himself but does not claim benefits because he is concerned about the ramifications, again because he works over 16 hours a week. Furthermore Andrew is under pressure to find a way to pay his employees/trainees in the most proficient way possible without it affecting their benefits:

...“He [employee] has asked me to pay him without messing him up [his benefits]. I don’t pay the others because I haven’t worked out the best way to do this yet. For me the best thing I think is to have them all as self-employed. I could just pay them and ask them for a receipt”...(Andrew; Media 4 All).

The evidence suggests that *Media 4 All* could be trying to find a way to financially reward 'volunteers' or 'trainees' without it affecting their benefits. This may compromise the 'workers' and leave the social enterprise open to prosecution.

To summarise, the empirical analysis so far has demonstrated that a number of individual, interpersonal and structural mechanisms (conditions) - including relationship breakdown, substance mis-use and the structure and administration of housing benefit to name a few - are working in unison throughout the life cycle, which prompted the people involved with this study into homelessness. The typology has enabled in-depth examination to look across the life cycle through childhood, youth, adulthood and working age and highlighted that labour market exclusion occurs early on. As stage one of the typology suggests children's 'life chances' are heavily impacted regarding a range of factors such as the *stability* and *status* of their accommodation (Fitzpatrick, 2000) disruption in education and personal experiences of abuse.

During youth - stage two - experiences of exclusion from the labour market become more ingrained as people: exit state care into adverse housing market conditions, experience of the criminal justice system, low educational attainment, mental ill-health, substance mis-use and relationship breakdown. Finally stage three - adulthood and working age - is where labour market exclusion becomes entrenched through the pathways instilled in the earlier stages such as a lack of qualifications, disrupted family relationships, mental ill-health and substance mis-use but more importantly at this stage other structural elements can exacerbate these conditions. These include housing policies, which restrict access to housing, especially for single homeless people (demonstrated by Nigel's account), wider policy developments related to benefit levels and restrictions and adverse labour market conditions causing redundancy. In combination with all of the other barriers mentioned above they negatively impact people's quality of life. Finally, the blend of labour market exclusion and homelessness further compounds an individual's life with many respondents feeling alone, stigmatised and lacking in confidence and social networks. While these stages are not specific pre-requisites to labour market exclusion and homelessness, as someone can become homeless without

all or any of these factors being present during their life course, these elements do signal that someone is more likely to experience 'deep exclusion' as an adult.

5.3. Histories of Homelessness and Labour Market Exclusion

The discussion so far has demonstrated the importance of recognising that labour market exclusion and homelessness is caused by a number of conditions and exclusion usually begins early on in the life cycle. In order to substantiate these findings the following analysis reviews the histories of homelessness of some of the employees/trainees using their interviews to support the myriad of mechanisms contained within the typology. This provides deeper insight about how the absence of employment and enterprise featured in instances of homelessness.

Embedding cases of homelessness in this chapter seeks to represent the lived realities of the homeless participants. Through story sharing the homeless participants were able to 'make sense' of their experiences of homelessness. This enables the researcher to focus on how experiences are reconstructed and interpreted and therefore consider the complexity of individual, interpersonal and structural factors occurring over time and in unison that started to put employment barriers in motion. Such barriers include, little or no work history, mental health issues, substance misuse, lack of networks of support and structural disadvantages related to state care and lack of formal education. All of which make it incredibly difficult to seek work in the first place let alone maintain a home through steady employment.

The homelessness histories of the interviewees present a complex and multilayered picture of homelessness and labour market exclusion. In some instances (such as John's) there appears to be a linear process of personal issues - relationship breakdown, depression and substance mis-use - which led to the dual impact of unemployment and then homelessness in quick succession. However if all of the other histories are considered, which mainly feature childhood trauma associated with state care, the picture is far more nuanced. Structural and individual factors intertwine throughout the individual's formative years and set the path for labour market exclusion to occur at an

early age. In most cases there was homelessness prior to job loss but this may just be a factor of the people interviewed for this study due to their experiences of care. It is fair to say that homelessness and unemployment are incredibly closely linked (Anderson, 1990; Singh, 2005; Fitzpatrick et al, 2011a).

When speaking about the causes of homelessness, participants reflected largely on personal problems, which were influenced hugely by adverse social barriers, such as discrimination and stigmatisation as well as structural conditions including rising unemployment. The interviewees suggested that the main barriers to employment included: employment record; relationship breakdown/isolation; job losses/redundancy; tenancy loss; time spent in prison; substance misuse; and mental health issues.

5.3.1. Relationship breakdown

The most common cause of homelessness among those interviewed was relationship breakdown (between partners *and* between parents), leading to loss of their home and *then* unemployment. However the picture is more complex when individuals have also experienced ‘dual diagnoses’ of substance misuse and mental health issues, which contributed to homelessness and were exacerbated by becoming homeless.

The following case history is from a person who was homeless and is now engaged in social enterprise and living in a hostel where the social enterprise is located. He describes how the breakdown of his relationship with his fiancée led him to become jobless and then homeless:

...“I moved to Cambridge which is where I met my ex and had my daughter, started running a pub and did that for two years. I was only 25, new baby, new town, new job it was all a bit too much. We broke up and my ex took my daughter to America. When she went I found it hard so I started drinking a lot. I started doing other things [drugs]. I spent a year in my bedroom being paranoid, going from job to job. I couldn’t hold the job down because I was so paranoid and depressed and lost my tenancy”...(John; The Lunchbox)

At crisis point he went to his local authority and they referred him to the hostel where he is now staying and engaged with their social enterprise:

...“I came to this place and turned up in tears, they gave me a room, which was amazing. I couldn’t talk to anyone but I got approached to work in the kitchen. It was hard at first, being around people but then believe it or not I became a supervisor. I couldn’t even stress how much it’s helped through that intermediate period”...(John; The Lunchbox)

As is well documented in Chapter Two much of the commentary on homelessness regarding causation suggests that relationship breakdown is a key factor to homelessness and labour market exclusion (See Cramer, 2002; Warnes & Crane, 2006; Johnsen & Quilgars, 2009). However this historical account suggests that a much more nuanced understanding of individual experience should be taken into consideration. There was a culmination of stressful life events i.e. moving, job promotion and a new baby, which put pressure on John’s relationship. Once the relationship broke down there was no significant social network to rely on to seek support and this was when he started to use alcohol and drugs as a coping mechanism. One of the key points made by Fitzpatrick (2005a) is that both structural and individual factors are not different in ‘reality’ but in how they are perceived, i.e. the ‘real’ causes as experienced are both individual *and* structural. For example, without being able to work and therefore pay rent his mental health became compounded. So not only did his job loss cause his homelessness, the absence of employment consequently reduced his social networks and led to social isolation and loss of peer networks. This account follows Sayer’s (2000) critical realist model of causation; the *structural* condition equals unemployment and a weak labour market element, with the *mechanism* being relationship breakdown, compounded by other *conditions* (mechanism) such as decline in mental health, isolation and loss of peer networks. Finally these factors combined result in the *effect/event*, which in John’s case was homelessness.

In a similar vein, another interviewee (who we shall call Sally) was homeless as a teenager after a period in care and subsequent relationship breakdown describes how her stepfather forced her out of the family home when he found out she was pregnant. This led to periods of depression, substance mis-use and self-harming:

“...It was really difficult when I was younger. I was in care and er when I came out I found out I was pregnant, my step dad kicked me out and I was homeless for a few weeks. I was always depressed and things going wrong”...(Sally; Revitalise).

Without specifically alluding to it, this person’s experience of state care, lack of formal education, and relationship breakdown ensured that the key elements that need to be in place for someone to seek employment were not there in the first place. Again, the ‘real’ causes are individual, inter-personal *and* structural, although the structural elements were a strong factor, which led to her period of homelessness. Disturbingly, research shows that exiting state care directly into homelessness is common in instances of youth homelessness in the UK (Liddiard, 2010). This is largely due to lack of affordable housing options and personal support. Young people are excluded from home ownership, often ineligible for social housing and forced to rely on a competitive rental market (Liddiard, 2010). The various causes and consequences related to labour market exclusion and homelessness severely held back Sally in terms of employment until she was introduced to social enterprise. She now has a job as a cleaner for *Revitalise*’ parent organisation. Although this is a low skill level job this is Sally’s first ever job and arguably a first step towards building a work history, confidence and social networks.

5.3.2 Lack of employment history and formal qualifications

Across the employee/trainee interviews the majority did have some employment record although it was disturbed due to periods of homelessness and/or mental-ill health and time spent in prison. The employment picture was also represented by short periods of temporary work leading back and forth between claiming benefits. Respondents also mentioned taking part in informal work, undergoing rehabilitation for substance use or

serving time in prison when they were not working. For the following individuals it is their employment histories, qualifications and job availability, which partly holds them back from finding and gaining employment. Adding a further layer of complexity, the situation is compounded because they live in unsuitable accommodation such as hostels and staying on friends' sofas. For Alex, seeking employment is further exacerbated because he is not a UK national; he is an economic migrant who came to the UK from Poland with little solid employment history. Alex is trapped in the 'no job no home' 'no home no job' dichotomy which faces a great number of homeless and unemployed people:

...“I am 26 and I am from Poland. I couldn't find work for about a year and a half in Poland. I don't have any work experience. I came here [to the UK] and applied through an employment agency for strawberry picking. I came to London and have been living in a hostel because I cannot find work”...(Alex; United).

Phillip had a terrible experience of state care as a child and attended a number of different schools, thus disrupting his education. These structural elements appear to trigger a number of other individual *conditions (mechanisms)* including addictions to drink and drugs. These factors combined and over time prompted a period of rough sleeping. Despite these factors, a social worker (external structural mechanism) intervened to ensure the period of rough sleeping ended and helped him obtain an NVQ level one in painting and decorating. It is important to note that a number of other conditions could have also assisted Phillip at the same time (hostel workers, job centre staff, mental health team, re-connection with social - family and friends - networks) and therefore a 100 per cent correlation between the social worker as the point of intervention and the end of Phillip's period of rough sleeping cannot be made. Furthermore, other structural conditions, such as lack of jobs, are working against him:

..."I was in care and went to 14 schools. I didn't get any GCSE's. School wasn't good for me, not at all, because I moved so many times. I never had any friends. I went off the rails and was on the street until my social worker sorted a hostel for me. When I first came here [Taunton] it was ok with the jobs and that, but lately it has been a nightmare. In the last year I have been doing CVs and not even getting replies to them, I mean, even I can clean a toilet"...(Phillip; New Start).

In summary, Alex's experience of labour market exclusion and homelessness is represented through a number of individual, interpersonal and structural instances, in particular lack of work experience and insecure accommodation, which is further compounded with being a migrant worker and language barriers. With reference to Phillip, again it is possible to see that the experience of childhood trauma (as with Sally and John) has acted as a major element in the matrix - low educational attainment, unsuitable accommodation, lack of social networks - of labour market exclusion and homelessness.

5.3.3 Ill-health and addiction

For some people health conditions can be a first 'trigger' of homelessness, particularly if they suffer from mental ill-health, however the experience of homelessness can also exacerbate health conditions (Davies, Franceschelli & Riley, 2011). Through the in-depth interviews the study uncovered complex relationships between, substance mis-use, relationship breakdown and labour market exclusion. These are seen as the leading factors in the contribution to the use of and/or further use of substances to cope. The result of such substance mis-use often leads to moderate to severe depression, job loss and consequently homelessness. As Jeffrey explains, the breakdown of his marriage aggravated an existing alcohol problem, which led to losing his job and some time spent in prison:

...“I was in care in boarding type places. The education was bloody dire. I came out of care and got into trouble with the police and ended up living on the street. The last few years have been a bit like hell. I broke into my friend’s place. I was out of it and got done for breaking and entering and ended up in prison. I would never drink around my kids I don’t believe in it that’s what my Mum did but I couldn’t stand the emotions to drop off my kids, it made me depressed so then I would go for a drink. I lost my job working with children with learning difficulties and challenging behaviour”...(Jeffrey; New Start).

The homeless histories - represented by John, Sally, Alex, Phillip and Jeffrey - provide a wider view of the intricacies of homelessness and labour market exclusion and ultimately exclusion from the labour market. At the fore of their accounts are personal and welfare issues with structural disadvantage also a factor but not articulated as such by the *respondents*. This is where the researcher, in order to provide a more nuanced take on the role of structure/individual dichotomy has used the application of the critical realist approach to homelessness.

5.4 Conclusion

The variant interplay between the factors outlined in the typology of labour market exclusion, through childhood, youth and adulthood build to compound and embed labour market exclusion through an individual’s life course. Leading to a series of ‘deep exclusion’ issues and essentially acute entrenchment of labour market exclusion in adult age. Using critical realism as a methodological compass, the lived experiences of the homeless people associated with this study have been presented and analysed to provide the narratives associated with various exclusion issues. This has enabled the discernment between the real, the actual and the empirical through the lived experiences of the participants, providing a multidimensional understanding of labour market exclusion and homelessness. Examination of the homelessness histories uncovered the complex relationships between, individual, interpersonal and structural factors that appear across the life cycle to embed labour market exclusion and act as both a cause and a consequence of homelessness. This mirrors findings by Fitzpatrick (2000) who also used

realist explanations of homelessness in her study. The results concerning the homeless histories were selected through a process of looking at the narrative structure of the homeless participants' life histories to see how their accounts of labour market exclusion and homelessness were explained. A common pattern was to describe their experiences chronologically.

As the relative importance of exclusion factors gathers pace over time, it follows that strategies to tackle labour market exclusion and homelessness should be personalised to meet the multifarious issues of people experiencing exclusion from the labour market and homelessness. As discussed in Chapter Three a notable policy development has been the proliferation of social enterprise as a means to address labour market exclusion for vulnerable groups. The following chapter (Six) develops the analysis of this policy response at the sectoral level, in the homelessness field. Building on contributions to knowledge in this field, key issues to be discussed in the next chapter include, setting the scene for the fundamental characteristics associated with social enterprises, with special attention paid to those operating in the homelessness sector. Furthermore, where little evidence has gone before, re-fashioned and new social enterprise models are presented and examined. This enables the assessment and utility of social enterprise as a departure point away from homelessness and towards labour market inclusion. Thus opening up the discussion to provide a more critical analysis of the efficacy of social enterprise in the latter empirical chapters.

CHAPTER 6: SOCIAL ENTERPRISES: CREATING EMPLOYMENT AND ENTERPRISE OPPORTUNITIES

6.1. Introduction

Following on from Chapter Five, which discussed cases of homelessness and the labour market exclusion of homeless people, Chapter Six seeks to develop awareness of social enterprises and their role in the homeless sector in greater depth. Therefore, the following chapter presents evidence drawn from the *homelessness social enterprise survey*, (see Chapter four, section 4.8.2) and describes the broad characteristics of homelessness social enterprises and details different model types. The DTI's definition of social enterprises was used to guide selection⁵⁵ of the organisations and more generally; third sector organisations (TSOs) that trade (in products and/or services) for a social purpose.

To date, there have been a number of empirical studies concerning social enterprise models and innovations in the wider social economy (See Alter, 2007; Mulgan, Ali, Halkett & Sanders, 2007; Cheng & Ludlow, 2008; Huybrechts, 2012). However only a small body of research exists regarding social enterprise forms in the homelessness sector (see Teasdale, 2009a, 2010a, 2012). Therefore, this chapter seeks to build on current literature by identifying and critically assessing the features and factors of homelessness social enterprises in England and their respective models. The evidence is drawn from this study's survey and case studies and therefore does not seek to represent *all* social enterprises operating in the homelessness field. This is achieved firstly by critically appraising the broad characteristics of homelessness social enterprises. The characteristics drawn from the *homelessness social enterprise survey* include, definitional confusion, geographical representation, sectoral breakdown, social objective, organisational form, legal structure, ownership and control. Then existing, new and re-fashioned forms of homelessness social enterprise models are introduced based on

⁵⁵ "A business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners" (DTI, 2002).

evidence from this study's survey. Examples from the researcher's fieldwork are used to illustrate each of the different models as they are discussed.

As discussed in Chapter Four (see section 4.8.2), the aim of the survey was to 'scope the sector', in other words, to identify homelessness social enterprises in the third sector with initiatives that generate or enable employment and enterprise for homeless people. The survey was constructed over a four-year timeframe (2009-2012 inclusive). In the initial phase 100 organisations were added to the survey and a number of criteria (range of social aims, organisational form, scale, profitability, longevity, geographical representation and ratio of employees to volunteers and homeless people), were identified using the State of Social Enterprise Survey (Social Enterprise Coalition, 2009) in order to assess the social enterprises⁵⁶. The second phase of the process involved conducting telephone interviews with the 100 organisations. Finally, all organisations added to the survey thereafter (306 in total) were not part of the telephone survey due to time constraints and the requirement for the researcher to enter the field. To add further depth to the analysis six case studies identified from *homelessness social enterprise survey* have been investigated and will be used throughout the chapter to tell the story of social enterprises and how they promote employment and enterprise opportunities for homeless people.

6.2. Introducing the Key Characteristics of Homelessness Social Enterprises

The purpose of the following discussion is to introduce the broad characteristics - drawn from the *homelessness social enterprise survey* - of homelessness related social enterprises and some of the issues affecting them. The first feature is definitional confusion. In this context two key affects on the case study organisations are discussed. First is that those embedded in parent organisations demonstrate no clear approach regarding their operating objectives during the 'start up' phase. This leaves social enterprises vulnerable to 'drifting' between a project looking to support homeless people and an enterprise trying to engage in trading. The second aspect relates to organisations

⁵⁶ See section 4.8.2 for further explanation of the survey.

independent from a host. While they demonstrate a more focused approach to social enterprise, as reflected in academic and policy literature, there is still confusion concerning their alignment with for-*private* profit enterprises operating Corporate Social Responsibility programmes. The second characteristic discussed is geographical representation. This highlights where homelessness social enterprises are located with a significant number found in the Southeast. This corresponds to both high levels of homelessness but also access to social enterprise support organisations, which has enabled them to grow. The third element, sectoral breakdown, offers insight into the sectors where homelessness social enterprises tend to dominate, mainly the service sector. The key element of the discussion in this regard, however, is the hybridity of most social enterprises concerning how they also operate across sectors.

The social objective is presented as the fourth key characteristic, which presents another ambiguous feature of homelessness social enterprises. The focus here is on the incessant struggle to balance social objectives and maintain the levels of income necessary to achieve social outcomes. The fifth characteristic, organisational structure highlights the complex nature associated with the organisational arrangements of social enterprises operating in the homelessness field. Their level of embeddedness, diffuse funding mixes and contract arrangements for staff makes any agreement on 'ideal' forms of social enterprise form across the sector difficult to assent. The sixth characteristic concerning legal structure introduces the perceived advantages and disadvantages of adopting various legal forms and the autonomy of embedded social enterprises being 'free' to make those decisions. These debates are closely aligned with the seventh and final characteristic of homelessness social enterprises concerning their ownership and control. In this context, their embeddedness - within a host organisation - or autonomy has significant bearing on their sustainability and future growth aspirations. Focusing on these characteristics permits understanding of the diverse and rich nature of social enterprises in the homelessness field.

6.2.1. Definitional confusion

One of the key characteristics associated with social enterprise is definitional confusion. As discussed in Chapter Three, controversy over definitions and classifications is a recurring theme in social enterprise research (Peattie & Morley, 2008). Confusion over the social enterprise term is often the result of inconsistent explanations used by academics and policy makers, and lack of agreement of the internal values, strategies and procedures associated with the social enterprise form (Russell & Scott, 2007). In this regard the main issue concerning the case studies was widespread confusion as to the charity element / related social aims and entrepreneurial activities associated with social enterprise. This meant that the organisations mediated between being a *project* looking to support homeless people back to work and an *enterprise* generating profit to support other associated social and economic aims.

Using Dees and colleagues (2001) *Social Enterprise Spectrum* (See Chapter 3, section 3.2.2) as a guide, the case study organisations were represented *across* the social enterprise sphere with regards to definition. Three ‘ideal types’ were found. First social enterprise as purely philanthropic, with emphasis on social value creation; second, hybrid social enterprises with mixed social and economic focus; and third purely commercial social enterprises, although with the caveat of being not-for *private* profit⁵⁷. Although the Social Enterprise Spectrum is helpful to conceptualise the case studies, in reality the case studies did not fit these terms entirely. This further highlights confusion of what social enterprise is and does (Teasdale, 2010b), to which we now turn. The first discourse (philanthropic) lends itself to those social enterprises set up under the supervision of a host charity, which seemed to ‘breed’ confusion regarding the purpose of the social enterprise from the outset. The social enterprise leader for *United Cafes* explains:

⁵⁷ For the purposes of this study profit making denotes the following. Third sector organisations are all ‘not for profit’ and in this sense not for ‘private’ profit is an embellishment on what that means (sometimes it is further elaborated to be not for private profit distribution). What this comes down to is that profit (trading surplus year on year) can be made, but cannot be distributed to private individuals (unless as a shared dividend to members as in many Co-operatives. However, even this is not permitted in many circumstances and certainly is not within the definition of non-profit in the USA). So, in most cases profit (or ‘surplus’) is either re-invested in the business or goes to other good causes - i.e. social aims – usually in accordance to some pre-determined agreement.

...“We had a couple of years under a manager where we didn’t really know where we were going or what we were. We didn’t really have a stamp on what we are as social enterprise. We didn’t really have an identity. There wasn’t any, erm, it wasn’t a brand it wasn’t doing anything and we didn’t have a place in the market”...(Annabelle; United Cafes).

Historically there is little cohesion as to the purpose and direction of the social enterprise. That is not to say that they were not meeting their key social objectives such as training and offering work experience to homeless people. But it does highlight that if there is no clear approach during the ‘start up’ phase of the social enterprise than ambiguities regarding aims, objectives and operations may persist until employees identify that the enterprise is ‘drifting’ between being a project looking to support homeless people and an enterprise trying to generate capital. The danger here is that if there is no clear direction the social enterprise may not achieve either aspect of their operation, thus not being ‘successful’ enough to generate extra income streams for a parent organisation for example and/or not fulfilling the aim to provide training and work experience/employment for homeless people.

To add further weight to the above argument, Frank, the social enterprise leader for *Revitalise*, also demonstrated definitional confusion regarding the entrepreneurial imperative of social enterprise. The following quote suggests the leader appears to confuse the concept of social enterprise, with a ‘charitable aim’, and uses the term social enterprise in-line with a for-profit commercial enterprise that run Corporate Responsibility Programmes (CSR):

...“I think they [social enterprises] are businesses with a charitable aim for a community, a group of individuals, an organisation or something like that. They're real businesses but they don't put money into the back pockets. That money is either held in reserve, used to employ other people, used to widen the business...you know there are ongoing commercial concerns that are social enterprises, there is O'Heap and Son out in Derby which is a big one and they are a business with shareholders but they don't get a bonus every time they clear that profit”... (Frank; Revitalise).

The social enterprise leader validates some of the existing rhetoric surrounding social enterprise, such as reserves being reinvested back into the enterprise and bonuses not being paid out. However there is some confusion around calling an ongoing commercial concern with shareholders a social enterprise. Decision-making power is not based on capital ownership when referring to social enterprise (Defourney & Nyssens, 2006). In other words decision-making rights are not distributed according to capital shares as the above quote implies. Therefore the above discussion suggests that the definition of social enterprise is muddled and perplexing in both case study organisations. This is reflected by two significant factors; how the social enterprise originated and whether they are attached to a parent organisation with a strong charitable focus, which introduces issues around how 'profit' is perceived and consequently paid out and/or re-invested. In summary if the definition and focus is not embedded at inception the enterprise may struggle to form a concrete identity and awareness about their aims and objectives.

New Start and *Premier Crew* - both of which are enterprises that operate with a clear commercial focus - demonstrated the most cohesive and informed response concerning what social enterprise meant to them and their employees. There was a strong sense in both of the social enterprises leaders interviews that social enterprise is a for-profit business *but* with social aims, which does not have shareholders neither does it pay high salaries or bonuses. Both of these case study organisations can be found between the hybrid and purely commercial end of the *Social Enterprise Spectrum* (Dees et al, 2001). The following responses are keeping with the wider academic and policy literature on the 'typical' framework for social enterprises:

...“Social enterprise is a business, which ploughs 100% of its funding back into its operation. So like I say we don’t siphon off money in any way at all, erm, we don’t pay ourselves back any big salaries we are very focused on growing the business and providing services for people. It is of course a venture that meets a social objective or more than one social objective”... (Ian; Premier Crew).

Ian, the social enterprise leader for *Premier Crew* builds on the evidence above by adding that if the social enterprise does not have a commercial focus then it is not a social enterprise it is, instead, a community project:

...“A social enterprise I think by its very nature has to be a business it has to have a commercial focus. If it’s not, it doesn’t mean to say that it’s not valid, it means it’s something else it’s a community project. One of the big issues with social enterprises, it’s not very good at defining itself. There’s too many people claiming to be a social enterprise that just aren’t at all focused on anything commercial and don’t have any kind of commercial aspirations and it’s, therefore they are not really enterprising”... (Ian; Premier Crew).

This statement suggests that while the social enterprise is not enterprising in the traditional business sense that does not mean that it is not ‘enterprising’ in terms of being an ‘emancipatory’ project to address the labour market exclusion of homeless people. However what it does imply is that from an operational perspective it is not a private business. Differentiating between what it means to be enterprising could be a key starting point for the sector to begin to understand how commercially focused their organisation is and thus teasing out whether they are, in fact, a project, rather than a social enterprise with a business focus. In a broader context this relates to a conceptualisation of social enterprise as a verb (an activity) and not a noun (an organisational form).

6.2.2. Geographical representation

The regional distribution of homelessness social enterprises is shown in table 6.1. The figures in bold show the proportion of social enterprises located in each of the regions of England.

Table 6.1: Regional distribution of social enterprises in the homelessness field

Geographical representation ⁵⁸	Total
London	23%
North West	15%
South East	13%
West Midlands	11%
East of England	10%
South West	8%
Yorkshire and Humberside	8%
East Midlands	7%
North East	5%

The largest proportion of social enterprises is found in London (23%). The most obvious reason for the higher proportion of social enterprises in the South (South East 13%), particularly London - with the exception of the North West - is due to the higher numbers of homeless people requiring access to employment and training opportunities.

According to the latest government homeless figures 3,350 people were recorded as statutory homeless⁵⁹ (owed a main homelessness duty) in London compared to 440 in the North East, for example (CLG, 2012d). This explanation suggests that the number of homelessness social enterprises is in line and responds to the number of homeless people requiring support. Put simply, London has a large percentage of homeless people and a wide membership of homelessness social enterprises that corresponds to their employment and training needs. But there is one important caveat regarding regional

⁵⁸ These numbers are derived from the homelessness social enterprise survey and are representative of 306 organisations working in the homelessness field (n=306).

⁵⁹ The *statutory* definition enables local authorities to ration council housing through the mechanism of 'priority need' for people with dependents if they have no accommodation in England or Wales or do not have access to accommodation which they are legally entitled to occupy.

representation of homelessness social enterprises. These statistics do not focus on single homelessness and rough sleepers, partly because they are so difficult to count. So, what these statistics do not show is the number of single homeless requiring support across the English regions.

A further reason to explain the higher concentration of social enterprises in the homelessness sector in London is that resources and advice are more easily accessible through support agencies such as Social Enterprise London and Social Enterprise UK. In essence, it is apparent that it is difficult to generalise from the data regarding this feature of homelessness social enterprises except to say that with the statistics available; the greater the need for support the higher number of social enterprises are located in that region.

6.2.3 Sectoral breakdown

Table 6.2. illustrates the trading activity of the social enterprises identified in the survey. While in practice table 6.2 looks to represent a relatively clear depiction of the trading activities of homelessness social enterprises in reality the picture is much more complex. The main trends suggest that homelessness social enterprises operate in the service sector, predominantly recycling and catering, which largely reflect the skill levels of homeless people. However, in reality, the majority of enterprises adopt a hybrid approach regarding the sectors they operate in, which also include public services, such as education, training and housing support. A similar pattern can also be identified in the wider social economy, where social enterprises also operate largely in the services field, including cleaning, gardening, adult social care and community transport (Leadbeater, 2007; Bacon, Faizullah, Mulgan & Woodcraft, 2008). For example, in the 2010 National Survey of Charities and Social Enterprises (NSCSE) 24 per cent of organisations reported that their main activity was to provide a public service (Ipsos Mori, 2011).

Table 6.2: Trading activity of homelessness social enterprises

Sector	Total
Education, training and housing support	32%
Recycling and reuse	25%
Food Production	10%
Retail	6%
IT/Communication	4%
House Maintenance	4%
Advocacy	3%
Construction	3%
Gardening / Horticulture	3%
Arts	2%
Research and consultancy	2%
Psychological services	2%
Conservation	2%
Agriculture	1%
Manufacturing	1%

Frank, the social enterprise leader for *Revitalise* demonstrates the point when talking about the various activities of the organisation, which include housing, education *and* employment training:

...“We have the social housing, catering and we have the training courses. We also have the painting and decorating, the bike recycling and the estate management and it all comes with the NVQs”... (Frank; Revitalise).

A number of organisations in the survey, such as *Emmaus* and the *Ferry Project* (both offering supported housing with meaningful employment in furniture sale and restoration) employ and train homeless people with the aim of reducing barriers to mainstream employment.

A further point to consider is the type of job on offer. While the social enterprises found in the survey provide homeless people with the means to gain new skills, improve confidence, build self-esteem and social networks, the danger lies in providing just ‘any job’. The aim of these organisations focused on employment and training should also be to ensure they offer ‘jobs with prospects’. While there is space for lower level service

industry jobs, particularly where people have multiple labour market disadvantages, it is also important for social enterprises to be developed in other sectors of the economy, which require higher skill levels. This is something that the *client-led* social enterprise model (see section 6.3.6) - which focuses on using the clients existing skills and capabilities - might achieve more successfully (Aiken, 2007).

Evidence from across the interviews with social enterprise leaders suggests that there are a number of reasons why homelessness social enterprises cluster in particular sectors. First is that the decision is based on the social enterprise leader's previous business experience and skills in a particular sector. This corresponds with findings from Amin and colleagues (2002) who found that social enterprise leaders links to the wider formal economy plays a pivotal role in establishing social enterprises in a specific sector. Second, sector choice can be a practical decision made by the organisation, opportunistically led by capitalising on an internal market for example. Third, industry choice can be influenced directly by the homeless people focusing on their needs and the areas of work in which they are interested. Fourth, industry choice can take a distinct and linear process, whereby a social entrepreneur or project worker (already employed within a homeless organisation) deliberately researched different markets to find gaps and niches.

This evidence also supports the findings of Leadbeater (1997) and Delta/IFF Research (2010) who refer to the role of an individual social entrepreneur as the driving force to establish social enterprises in a particular industry. Although it is important to note that these enterprises are rarely the product of a single 'heroic' individual entrepreneur and rather a combination of elements including networks and infrastructural support (Seanor & Meaton, 2007; Amin, 2009; Buckingham, Pinch & Sunley, 2010). Fifth, and quite simply, industry choice can be much more prosaic, stumbled upon rather than a planned choice. This evidence is represented in some of the formative accounts of the case studies. Jessica, the social enterprise leader for *The Lunchbox* suggests the choice of industry was based purely on the experiences of the former social enterprise leader:

*...“It was pretty much decided [the choice of industry] before I started. The interim manager had worked in the catering industry. But she had this idea that you can get volunteers and it’s just a matter of making sandwiches and taking them out. So, I don’t think there was a huge understanding about running a professional business”...**(Jessica; The Lunchbox)**.*

The evidence suggests that *The Lunchbox* industry choice was not inspired by a linear process of researching markets or collaboration with employees/trainees but on the skills and experience of the previous leader. Parallels can also be drawn with *Media 4 All*, as the social enterprise leader had previous experience of building websites. Crucially, however the leader alludes to the needs of the homeless people too:

*...“I have done websites. It incorporates a lot of different things in the hostels. You can put anything on a website, it’s a good forum for anything you want to communicate. There is definitely space in the market for it but it’s not why I choose to do it. Clients are interested in them and also customers are too”...**(Andrew; Media 4 All)**.*

This was also the case for *New Start* distribution services. Their industry choice was based on the needs of the homeless people they sought to employ and train. Bearing in mind the flexibility with which people with chaotic lives require in order to be included in the labour market:

*...“Because with distribution we can offer very small number of hours right the way up through, it’s perhaps more difficult in some of the other areas to do that - perhaps there isn’t the flexibility there. Erm, you know, distribution is nice because even if we get a big job we can still break it down into small chunks of work. So you can balance it up with that, which, as I say, you can’t always do with other areas”...**(Caroline; New Start)**.*

While the reality of industry choice for *The Lunchbox*, *Media 4 All* and *New Start* was similar with the slight caveat of focus on homeless people's requirements. *Inspire* (a painting and decorating social enterprise) on the other hand were much more practical and opportunistically led as well as being influenced by their parent organisation:

...“I think [the industry was chosen] because it’s the biggest internal market. Yeah. It is also controlled by the Property Department. So the decorating budget is ideal. It’s relatively low skilled, it is also brilliant because you can, the supervisor can go back over somebody’s mistake”...(Anthony; Inspire).

From the perspective of *United Cafés* the choice of industry was based on creating something that would suit the parent organisation, the customers and the ease with which the homeless trainees could pick up the skills as well as thoughts about cultivating a brand that could be franchised. This is almost a four pronged approach by way of addressing the needs of all concerned - a holistic account of industry choice:

...“Buying into the café culture; it’s an easy set of skills to pick up? What’s interesting actually is everyone recently has really bought into the café. It is a great showcase to show trustees ect. It’s a really good way of entertaining too. Even our head of fundraising now really has bought into the café and they believe just as Oxfam have their charity shops the café could be the front of our organisation and could be seen as commonly as you would associate Oxfam to a charity shop”...(Annabelle; Inspire Café).

Finally *Premier Crew* demonstrated a conscious and planned method regarding industry choice, the gap in the market approach. One would expect this social enterprise to focus on finding a market niche and exploiting that to make a profit because they adopt a profit approach to social enterprise and demonstrate close links to private enterprise. The added bonus of course is this is not a crude private profit enterprise - the social aim, to employ homeless people and ‘gift’ money back to their *former* parent charity - means that the industry choice was based on financial return for social gain:

...“There was, essentially a gap in the market. Originally the concept was to start doing a two-hour call out in London. At the time, the minimum amount of time you could book someone in the events industry, to come and help you build an event, would be four hours. So it was a new market and no one was really taking advantage of it”... (Ian; Premier Crew).

There is, obviously, no ‘one size’ fits all approach to aid understanding of why certain industries were chosen by the case studies over others. But what one can surmise is that their differences are unique to them. Some decisions were led by taking into consideration the existing skills of the social enterprise leader or alternatively the need to focus explicitly on the requirements of the homeless people. Finally others were led by finding gaps in the market to make social enterprise ‘work’ in the homelessness sector.

6.2.4. Primary social objective

Although the social enterprises in the survey and subsequently the case studies were identified for their potential to increase the employment and/or enterprise opportunities of homeless people it is important to outline the organisations’ primary social objective. All of the social enterprises contacted described their mission in terms of ‘helping’ homeless people. This was illustrated by three social objectives:

Table 6.3: The primary social objective of homelessness social enterprises

Social Objectives	Total
Employability training/education and work experience	66%
Employment and training	25%
Soft skills and general support	9%

The most significant way in which homeless people are supported is through providing employability training/education and work experience; sixty six per cent of organisations cited this as their primary social objective. Another way in which organisations assist homeless people is through employment and job specific training (25%) as shown in table 6.3:

...“We don’t have any volunteers, erm, we have used volunteers for very small projects, erm, but actually within our centres we try to keep it to paid staff, that’s what New Start is all about, providing paid employment”...(Caroline; New Start).

Finally, a small number of organisations (9%) concentrate on enhancing ‘soft skills’ such as building self-esteem, increasing confidence and helping to foster social networks. These are all important elements of employability.

Although the social enterprises specified their primary social purpose as one of the three objectives mentioned above, in reality, a large number of the organisations also offer a wide range of supplementary activities to support homeless people. These activities encompassed various forms of personal support (housing and childcare) professional support (business advice and employability training) and cultural and recreational activities (singing and craft groups). This analysis helps to identify the complex nature in which these social enterprises operate.

Building on this complexity the social enterprises alluded to an incessant struggle to balance social objectives and maintain the levels of income necessary to achieve social outcomes, particularly as the profit is not distributed for private benefit. Put another way, the revenue generated is not for private profit distribution, which is a major feature of social enterprise alongside social objectives. Focusing efforts more on either the social or economic objective leaves the social enterprises with a conundrum. Concentrating more on commercial considerations could undermine the vision and integrity of the organisation. On the other hand increasing focus on the social objective without sufficient financial support could see the operation fail.

However, some of the case studies, notably those *independent* from support organisations, such as, *Premier Crew* and *New Start* were far more explicit about the balance that needs to be struck to make their businesses work. For example, *Premier Crew* began as a small business start-up with social aims, and traditional in the sense that it started with very little capital but has grown due to the focus on the economic objective. Both *Premier Crew* and *New Start* focus on the economic objective first and

foremost because they argue without this there would be no business to support homeless people. However, despite their focus on the economic objective the question of whether they get the balance right is also foremost in the plans for the organisation. This highlights the depth of complexity involved when pursuing a particular approach to social enterprise

This was in comparison to *United Cafes*, *The Lunchbox* and *Inspire*, who are all, attached to large homelessness organisations and place their social mission firmly at the core of their operations. Arguably this is because their need to break-even or even make a profit is not a top priority. As long as they deliver on their social aims the cost of the venture is offset by the parent organisation and written off against their social remit. Therefore these social enterprises have much more freedom, financially, and therefore can afford to focus more on the social side of their business. Although, there is an awareness of the need to balance the opposing social and economic aims the *embedded* social enterprises do not express the same financial urgency, as their wholly *independent* social enterprise counterparts.

What is apparent from the survey and the case study evidence is that the majority of the homelessness social enterprises grasp the social side of their business, before they operationalise the business side. So they are still struggling with the ‘indistinctiveness’ of their business model. It is almost as if profit is a ‘dirty’ word. The exception, of course, is *Premier Crew* and *New Start* because they adopt a more profit focused approach and although unrepresentative in the homelessness sector as whole, possibly due to the unease, culturally, to simultaneously deliver social outcomes with a profit focus, they are autonomous and are at liberty to meet both objectives. The question of *balance*, however, still remains. An approach led by a formerly homeless person may be able to address this point. As Nigel, the social enterprise leader for *Green Cycles* suggests, it could be about “just focusing enough on the economic objective” so that the enterprise is able to deliver social outcomes without the burdens and culturally embedded moralistic dilemmas that growth and private enterprise principles entail. However, just focusing ‘enough’ on the social aim could lead organisations down the route of mission ‘drift’. In keeping with the discussion of this concept in Chapter Three, a deliberate emphasis upon

a conventional business approach is argued by some commentators to move social enterprises further from their social mission and towards pro-market models reflecting a shift in the ideological thinking within the third sector (Evers, 2001, Dart, 2004, Seanor & Meaton, 2007).

In summary, it is clear from this study's survey that the primary social aim of homelessness social enterprises is to provide employability training/education and work experience for homeless people. However the case study data presents a far more nuanced picture. In reality, and in keeping with the complex nature of social enterprises, it is clear they offer more than this. Their operation may also seek to employ homeless people and encompass, personal, professional, cultural and recreational support. While the social aim may be explicit in the documentary evidence of the case studies there is no escape from the question of the need to balance the social and economic objective.

6.2.5. Organisational structure

This study's survey and case studies highlight that there are several key elements associated with the organisational structure of social enterprises in the homeless field. Such characteristics include, complex financial arrangements, convoluted employment practices, and various levels of connectivity to parent/support organisations and nested versus flat organisational structures. These findings echo the views of Bridge and colleagues (2009) who found similar practices throughout the wider social economy.

Complex financial arrangements

The first element, financial hybridity, highlights that enterprises can be fully self-sufficient or rely on funding grants, parent support or a mixture of both. The majority of organisations, however, adopt a hybrid mix of support from a parent organisation as well as funding grants (Teasdale, 2012).

Convoluting employment practices

The second fundamental element, that sets social enterprises apart from private sector businesses, is the way that staff are employed, in terms of financial remuneration and employment contracts. Employees can be full-time, part-time, volunteers, undertaking work experience for short or long periods of time or on zero hour contracts (so they may fit work around other commitments such as childcare or medical treatment). In reality, many homelessness social enterprises employ all of the above methods to run their operations. Furthermore, staff can be paid or work on a voluntary basis or again a combination of the two. An additional point concerning the organisation of staff is that it is not uncommon for the social enterprise leader to take on a number of roles within the larger (parent) organisation. This is also reminiscent of most small and medium sized enterprises in the private sector. The following quote highlights the demands placed on the social enterprise leader:

...“I went directly from being joint manager of the Nottingham operation as well as Co-director of the Revitalise Group. It wasn’t sustainable, Bristol was more than a full-time job and trying to do the Group thing too just wasn’t very successful”...(Frank; Revitalise).

Connectivity to parent/support organisations

The third component regarding organisational structure is how the social enterprise is connected to other organisations/businesses overall. A number of organisations represented in this study’s survey have subsidiary social enterprises such as the *Jericho Foundation*, which has a number of social enterprises⁶⁰ and *Create*, a catering company that also has two subsidiary restaurants. This type of subsidiary structure mimics the activities of similar organisations located in the private sector. Moreover, a crucial element in the findings suggests that social enterprises collaborate with each other to

⁶⁰ Print and Promotion; Design Studio; Construction; Catering; Landscape; Cleaning.

improve the running of their businesses, this practice is not traditionally found in the private sector, although that is not to say it is exclusive to the social economy either.

However, this does indicate a variation on the philosophy of how businesses operate in the social economy. Rather than competing with one another, as private enterprises might, they cooperate with each other to enhance the chances of success. For example, Jessica, the social enterprise leader for *The LunchBox* visited the Managing Director of *Create* on a number of occasions to receive business advice and share ideas. The same was also true for *Ex-Cell Solutions* and *Recycle IT* based in the Northwest. While corroboration rather than direct competition is an illuminating finding it is tentative because such an approach is likely to change as the sector grows and the availability of funding narrows.

The final feature of organisational structure in this context concerns how some social enterprises in the homeless field organise their structure in order to limit the damage should one of their subsidiaries fail. By scaling up the business, while maintaining connectivity to a central hub from which to operate, protective mechanisms exist to guard against financial crisis. In the face of continued financial insecurity it is not surprising that some organisations are being set up and managed with a view to ensuring that structure protects the 'founding' social enterprise and any associated community assets. The former social enterprise leader of *People First* explains how each social enterprise was set up to succeed as a wider federation should the main revenue generating social enterprise go into liquidation:

...“We had set up the structure so that all of the social enterprises were separate social enterprises to protect the larger organisation I suppose. So if any one of them went down it didn’t affect the larger company. The catalogue company was set up again separately, erm, which proved helpful in a number of ways but it did mean that although a lot of income went it meant most of the other local enterprises were able to survive”...(Ed; People First).

Nested hierarchies versus flat organisational structures

The fourth and final key discovery regarding organisational form is that the majority of homelessness social enterprises are born out of and sustained by a parent organisation or former support organisation, such as a charity. Traditionally the parent will be the larger operation and the social enterprise will sit below in terms of a nested hierarchy. Therefore embedded within most enterprises are fine nuances of organisational hierarchy and interdependent relationships. The social enterprise leader from *The Lunchbox* provides some insight:

...“Within the centre we’ve got the centre manager, then we have the project team, then the key workers for the clients, forty-five residents are split between four project workers. Within the social enterprise there is me, there was just me and then we got someone in to support me. Then we will have the workshop supervisor for our new venture”...(Jessica; The Lunchbox).

Despite *The Lunchbox* having its own micro-organisational structure the premise of the hierarchy is very much top down. It is important to note as the social enterprise leader, tellingly, starts with the structure of the wider organisation rather than talking specifically about the social enterprise structure. *Revitalise* provide further evidence of being part of a large parent organisation, which enlist a top-down management structure for their social enterprises:

...“What we have is a central resources function which manages and sort of supports everybody. So finance, property, purchasing and various other bits and pieces. Erm, then, the OLG (Operational Leadership Group), the senior managers are divided up into services. Then it comes down to the separate projects, which have a service manager, a team leader and staff, and obviously we come in at education. It's a top down structure absolutely”...(Frank; Revitalise).

Interestingly, forty-nine of the homelessness social enterprises featured in the survey, were *not* attached to a parent or support organisation and therefore demonstrated more flat organisational structures, as Ian, from *Premier Crew* explains.

...“We have three tiers of our crew, we start with placement crew which are the individuals that come from homeless backgrounds. We then have the trainee crew. Then we have a general crew, and everyone has the opportunity to move up the ranks to elite crew and to become Crew Chief”... (Ian; Premier Crew).

This indicates that the focus of the social enterprise is more grassroots and therefore has the autonomy to focus on the needs of the employees/trainees as opposed to ‘fitting in’ with the values of the wider organisation. Moreover, being removed from a support organisation means that enterprises with an independent organisational structure also have more control over their accountability measures. While social enterprises, which operate under the control of a parent, are required to take direction from a Board of Trustees, autonomous organisations are able to choose a Board, which reflects their organisational culture more readily. For example *New Start* distribution services has a mixture of Directors from the enterprise and also homeless people represented on the Board:

...“I like having members [homeless people] as well as Directors on the Board because that keeps you keyed into what is going on at the ground level. I think it does more so than having a Board of Trustees, which in some ways would be useful if we went down the charity route and had Trustees for fundraising, but it takes the balance away from it being a bottom-up service to it being top-down which we really want to try and avoid”... (Caroline; New Start).

Micro organisations represented the flattest organisational structures. This is in part due to the small size of the enterprise (micro <5 employees). *Green Cycles* offers a good example of a small enterprise operating with a lack of formality and structure, which lends itself to being a truly client-led and bottom up approach to social enterprise in the homeless sector:

...“We haven’t got a structure a such, I am the head honky if you like but there are lots of guys here who have a lot more knowledge then I have and when I say that I mean that. Loads more knowledge about certain aspects of the bikes. They are all my equals there is no structure like that”... (Fred; Green Cycles).

Much of the structural debate for the above-mentioned social enterprises is dependent on the size of the organisation, and parent organisation more specifically. But what appears to be of most importance is the way that the autonomous organisations such as *New Start* and *Green Cycles* place a firm emphasis on the homeless people as an integral part of the enterprise’s structure and ownership. In contrast the social enterprises located under a parent or support organisation were generally referred to as part of the wider structure of the parent entity first and foremost. Therefore the social enterprise leaders tended to view their social enterprise as part of a wider democratic sphere rather than a completely autonomous entity.

In summary, there are four key elements associated with the organisational structure of homelessness social enterprises. They demonstrate financial hybridity and adopt a number of convoluted employment practices, including contracts and pay. Moreover, depending on the autonomy of the organisation, the enterprises delineate both multi-layered hierarchical structures and more flat approaches to structural management. The above elements can also be associated with more innovative structures, which act as a safety net to protect against adverse economic conditions. Perhaps what is most apparent regarding organisational form is the complexities embedded in the structures and the inconsistencies that appear across the sector. This makes it incredibly problematic to agree on ‘ideal’ forms of homelessness social enterprise.

6.2.6. Legal structure, ownership and control

Legal structure is often viewed as a tool to help define social enterprises, despite the complications and international variations in legal formats, frameworks, terminology and fiscal accountability (Peattie & Morley, 2008). There are a number of specific legal structures generally associated with social enterprises including; a Charitable Trust, Community Interest Company (CIC), Company Limited by Guarantee (CLG), Company Limited by Shares (CLS), and an Industrial and Provident Society (IPS). Some fledgling social enterprises may be unincorporated. An example of new legal forms is the development of the CIC, which is viewed by the Department for Business, Innovation and Skills (BIS) (formerly known as the Department for Trade and Industry) as leading towards the development of a “brand” for social enterprise (Jones & Keogh, 2006).

Since 2006 changes to the Companies Act suggest that understanding what is and what is not a social enterprise in terms of legal form has become more complex (Social Firms UK, 2010). According to the latest research by Social Firms UK (2010) there has been a reduction in the numbers of social firms registered as CLGs and/or charities. Furthermore, despite the initial enthusiasm for social enterprises to register as CICs the popularity of this form of social enterprise appears to have tailed off. However, this could just indicate that the growth in social firms has levelled off. While this may be representative of social enterprise legal forms in the wider social economy at a sectoral level the *homelessness social enterprise survey* indicates that the Charity/CLG model is still very much the legal structure of choice, as table 6.4 illustrates:

Table 6.4: Legal structures of social enterprises in the homelessness sector

Legal structures	Total
Charity and Company Limited by Guarantee ⁶¹ (CLG)	45%
Company Limited by Guarantee (CLG)	20%
Community Interest Company (CIC)	18%
Charitable Trust	10%
Industrial and Provident Society	2%
Company Limited by Shares ⁶² (CLS)	2%
Cooperative	2%
Unincorporated company	1%

The largest proportion of social enterprises adopts the Charity/CLG legal structure (45%); this is followed by CLG (20%). Restrictions on trading activities under charity law mean that many charitable trusts would not be perceived as social enterprises as they do not trade. However, legally constituted companies (established under, IPS or CLG legislation, for example) can have charitable status and trade (Smith & Teasdale, 2010) as the survey indicates. Peattie and Morley (2008) suggest there may be a number of reasons for choosing these particular legal forms including: perceived tax advantages, access to grant funding, enabling cross-subsidy between trading divisions, and risk management. While tax advantages are only available to organisations with charitable status other legal structures may confer greater flexibility.

Originally it was perceived that the choice of legal form would be decided upon via a robust process, involving careful consideration of the advantages and disadvantages associated with the various legal types. The reality was far more nuanced. As previously discussed, many homelessness social enterprises start out under the control of parent organisations. This can present complex issues when deciding which legal structure should be adopted. At first, the majority of enterprises start with a view to generating some revenue for their host who already have charitable status and then adopt the CLG

⁶¹ For clarification, all enterprises adopting the Charity/CLG model are *both* registered charities and companies limited by guarantee.

⁶² CLS is where members' personal liabilities are limited to the par value of their shares.

status as well. For example *The Lunchbox* had no choice regarding their legal structure as it was decided on by the parent organisation:

...“It’s generally accepted as one of the frustrations of being part of a parent organisation but then there are benefits too; and what we are doing is very much along their aims and objectives and the aims of the Centre and we wouldn’t want to lose that”...(Jessica; The Lunchbox).

There is no real concern about *The Lunchbox*’s legal structure being or *needing* to be another way. They are closely controlled by the parent organisation and operate within the realms of their objectives with little autonomy. The need for growth, which may require *The Lunchbox* to gain independence from their host and adopt a new legal form is not desired nor deemed important.

The research also highlighted that even when *independent* social enterprises could make an autonomous decision regarding legal structure the thought process was ‘messy’. The social enterprise leaders struggled to explain the reasons for their legal form choices. Although when probed further they recalled that it might help to secure funding to work with homeless people. The following evidence highlights the point:

...“We are a CIC. But it’s just a buzzword. I don’t know why I chose it. Limited by Guarantee that used to be non-profit or social enterprise, we are limited by guarantee. I don’t know what it means, it just kind of happened. It was just a formality. I was working with homeless people and I thought it would help me to get funding”...(Fred; Green Cycles).

...“If I was starting it up now I would still go for a CIC, to make relations with the community easier. People give you support you wouldn’t otherwise access because it is part of the CIC/social enterprise ethos”...(Andrew; Media 4 All).

The choices made by social enterprises in the homelessness field regarding legal structure were either made without their involvement, or adopted following what other enterprises were doing in the field. For example, following the CIC model and as such conforming to an emerging brand in order to achieve some identity and potentially access available support. In summary there is a significant lack of understanding regarding different legal forms and their practicalities and the danger of adopting the CIC form, for example, in order to label an identity and receive additional support.

In terms of ownership and control, there appears to be a split between those, which are top-down, to those with a more stakeholder-focused approach, as table 6.5 depicts:

Table 6.5: Ownership and control of homelessness social enterprises

Ownership	Total
Charity control	39%
Managing Directors	22%
Stakeholders	15%
Not owned	9%
Trust	5%
Founder Owner	3%
Church	2%
Charitable Foundation	2%
Owner-Founder	1%
Independent	1%
Trading Group	1%

Although charity control (parent organisation) (39%) is clearly the first and most popular form of ownership in the homelessness sector all of the social enterprise leaders interviewed outlined procedures for involvement of employees/trainees (homeless and formerly homeless people) in business decisions and idea generation. Weekly brainstorming meetings, team discussions regarding how to secure new business and input into the future direction of the social enterprises were all represented in the organisations. This was to instil a 'sense of ownership' within the social enterprise. It was clear that where social enterprises were 'owned' by a parent organisation, ownership was a 'technical' matter and in fact the trainees/employees 'owned' the enterprise in the emotive sense. The social enterprise leader for *The Lunchbox* explains:

...“I mean the actual ownership of The Lunchbox is owned by our parent company but really the team own it, they take it very seriously and that’s because they see our customers and they see the whole process and I think that’s the important thing, being part of something that you can understand and see as a whole”... (Jessica; The Lunchbox).

The second major form of ownership and control - managing directors (22%) - for social enterprises in the homelessness sector mirrors private enterprise principles. The enterprise leaders regarded themselves as equal shareholders who take a percentage of the profit. The main caveat and the element that effectively sets them aside from their private sector counterparts is that a higher percentage of their income is ‘gifted’ back to a charity (of which they are independent but demonstrate a contract of ‘goodwill’ to support the charity). Moreover should the leaders cease their employment or dissolve the enterprise the assets are passed to the ownership of the community as Ian, from *Premier Crew* explains:

...“We are equal shareholders, we take 35% and 65% goes back to the charity of any profit that’s made. If the company was to be sold all the assets belong to the charity (this creates an asset lock). So should we choose to leave we would just walk away as any employee would. We wouldn’t take a pay off for that, we would just hand it over to someone else. So we are entrusted as guardians of Premier Crew to guide it, to steer it, and increase its profitability”... (Ian; Premier Crew).

Thirdly are those social enterprises that have complete ownership autonomy (15%) (i.e. not attached to a parent organisation). These organisations demonstrated clear mandates towards the homeless people being represented as owning *and* having significant influence over operating activities. The social enterprise leader for *New Start* distribution highlights the point:

...“I would say that we are owned by our members and we try and be very focused on what the end user wants. Member’s sit on our Board and are involved in all aspects of planning for the future of the business. But it’s also about finding a balance too to make sure the business is workable for everyone”...(Caroline; New Start).

In summary social enterprises related to the homeless field adopt a number of legal forms. The option of these forms, however, is constrained. Social enterprises attached to parent organisations have little choice over legal structure and in general the CLG structure will be taken on by the charity so that it can have a trading arm. Where social enterprises in the homeless field do have autonomy the decision regarding legal mode appeared to be ‘mis-informed’ and followed no real evidence based decision on what was suitable for the organisation. For example where choice was available, social enterprises were keen to adopt the CIC structure but they were not able to articulate what the form might involve or why it suited them. The choice was made by reflection on what was already represented in the homelessness sector.

Legal structure, ownership and control are inextricably linked. As one might expect ownership is largely charity controlled due to the number of homelessness social enterprises governed by a parent organisation. However, the nature of the social aim of the enterprises means that homeless people are placed firmly at the core of the business. Therefore although technically they may not be in ‘ownership’ there is an emotive feeling of ownership and where enterprises are independent (from a host organisation) homeless people are generally represented on management boards. This study’s survey identified thirty-eight social enterprises that involve homeless people on their management boards.

6.3. Homelessness Social Enterprise Models

Moving on from the key characteristics related to homelessness social enterprises the following section examines the specific models adopted by such social enterprises in the homelessness field. First, by drawing on the evidence presented thus far, a definition of homelessness social enterprise constructed by the researcher is outlined. Then using evidence drawn from the *homelessness social enterprise survey*, (see Chapter four, section 4.8.2), and more specifically from this study's six case study organisations, existing and emerging models from the homelessness arena are detailed with reference to different types and their relative issues (see table 6.6. for ease of reference).

The following definition of social enterprises working in the homelessness sector has been constructed by the researcher so that academics, practitioners and policy makers alike may differentiate between social enterprises in the wider social economy and social enterprises operating specifically in the homeless field:

Homelessness social enterprises produce services and products that provide innovative outcomes to tackling the labour market exclusion of homeless people characterised by:

- Employing hybrid approaches to income sustainability through direct third sector funding, contracts, grants, gifts in kind and trading activities.
- Reinvesting surplus made through trading activities to employ, train and provide work experience for homeless people rather than paying out to shareholders.
- Complex legal and organisational structures presenting complex and ambiguous accountability problems.
- A number of embedded (charity control) and autonomous (independently trading) models which support homeless people at different points in the pathway out of homelessness and towards labour market inclusion.

Table 6.6. Social enterprise models in the homeless field: types; descriptions and issues

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Work Integration Social Enterprises (WISE)	<p>Intermediate labour market (ILM) organisations offer homeless and other vulnerable people, who are at risk of permanent exclusion from the labour market, work experience and training with a view to eventual employment in the mainstream labour market.</p> <p>Organisational structure commonly involves being attached to a parent organisation, with multi-layered hierarchy. The legal form is most likely to be Charity and CLG.</p> <p>Staff team consists of paid full-time and part-time staff, people employed on government support programmes, work experience people, trainees and volunteers.</p>	<p>138</p> <p><i>(United Cafes)</i></p>	<p>Employees with complex support needs</p> <p>Lack of autonomy</p> <ul style="list-style-type: none"> • Answerable to parent organisation <i>and</i> funding body • Does not pay homeless employees • Imbalance of social and economic aim • High levels of bureaucracy • Complicated accounting procedures • Moderate resource constraints (i.e. financial and intellectual)

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Accommodation and Work Experience/Training Model (AWET)	<p>This model provides housing support, skills training and work experience for homeless and vulnerable people.</p> <p>Organisational structure commonly involves being attached to a parent organisation, with multi-layered hierarchy. The legal form is most likely to be Charity and CLG.</p> <p>Staff team consists of paid full-time and part-time staff, people employed on government support programmes, work experience people, trainees and volunteers.</p>	<p>119</p> <p><i>(Revitalise)</i> <i>(The Lunchbox)</i> <i>(Inspire)</i></p>	<ul style="list-style-type: none"> • Employees with complex support needs • Lack of autonomy • Answerable to parent organisation <i>and</i> funding body • Does not pay homeless employees • Imbalance of social and economic aim • High levels of bureaucracy • Complicated accounting procedures • Pressure on homeless people to take part in social enterprise activities due to close proximity of accommodation and work environment • Moderate resource constraints (i.e. financial and intellectual)

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Employment model	<p>This model offers paid employment to homeless and formerly homeless people. The employment contracts are flexible and may also feature some training.</p> <p>The model seeks to balance both social and economic objectives to secure the financial viability of the organisation.</p> <p>Organisational structure is less hierarchical and usually autonomous from a parent organisation, although there may be some funding requirements to adhere to. The legal form may include CLG, CLS or CIC.</p> <p>Staff team consists of paid full-time and part-time staff, people employed on government support programmes, work experience people and trainees.</p>	<p>31</p> <p><i>(New Start)</i></p>	<ul style="list-style-type: none"> • Employees with moderate support needs • Answerable to funding body • Does not <i>always</i> pay homeless employees • High resource constraints (i.e. financial and intellectual)

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Entrepreneur support model	<p>This model facilitates the financial security of homeless, formerly homeless people and organisations seeking to support homeless people by offering access to financial remuneration and small business advice.</p> <p>Organisational structure commonly involves being attached to a parent organisation in the initial stage and therefore involved in multi-layered hierarchy. Once financially viable the structure becomes relatively flat.</p> <p>The legal form is most likely to be, CLG, CLS, CIC or unincorporated.</p> <p>Staff team consists of full-time and part-time staff (paid when a surplus begins to be made) work experience people, trainees and volunteers.</p>	<p>8</p> <p><i>(Incubator Hub)</i></p>	<ul style="list-style-type: none"> • Does not support multiply excluded homeless people • Answerable to parent organisation during start-up • May not provide financial remuneration • May fail during start-up phase (similar to mainstream small and medium sized enterprises) • Moderate resource constraints (i.e. financial and intellectual)

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Profit-focused model	<p>This model has profit making as the main focus in order to generate surpluses for social objectives met elsewhere, via a charity for example. This model is closest to private sector enterprise principles.</p> <p>Organisational structure is autonomous, although the social enterprise may have been attached to a parent in the past. And may still 'gift' money back to the former parent. There are relatively few levels of hierarchy.</p> <p>The legal form is most likely to be a CIC.</p> <p>Staff team consists of full-time paid staff, interns (expenses are paid) trainees (unpaid trial period).</p>	<p>1</p> <p><i>(Premier Crew)</i></p>	<ul style="list-style-type: none"> • Does not support multiple excluded homeless people • Do not pay formerly homeless people during trial work periods • Answerable to funding/grant organisation • Not protected financially by a parent organisation • May fail during start-up phase (similar to mainstream small and medium sized enterprises) • Moderate to high resource constraints (i.e. financial and intellectual) • Imbalance of economic and social aim (potential to succumb to mission 'drift')

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey</i> and Case Study Example	Issues
Client-led model	<p>This model involves individuals (homeless or otherwise) setting up and managing social enterprises to employ and/or train, generate (or a combination of all three) a profit to fulfil a social aim. Usually this model transpires from the entrepreneur support model but is not exclusive to it.</p> <p>Organisational structure is generally autonomous, although the social enterprise may have been attached to a parent in the past and still using some of their resources (such as work space). The hierarchical structure is relatively flat.</p> <p>The legal form is most likely to be a CLG, CIC, or unincorporated.</p> <p>Staff team consists of full-time staff (paid when profit is made), trainees (unpaid) and volunteers.</p>	<p>5</p> <p><i>(Green Cycles)</i> <i>(Media 4 All)</i></p>	<ul style="list-style-type: none"> • Employees with complex support needs • Not always able to pay (homeless/formerly homeless) employees • Answerable to former parent/funding body • Not protected financially by a parent organisation • May fail during start-up phase (similar to mainstream small and medium sized enterprises) • Moderate to high resource constraints (i.e. financial and intellectual) • Imbalance of economic and social aim (potential to focus heavily on the social objective)

Model Type	Description	Number Represented from the <i>Homelessness Social Enterprise Survey and Case Study Example</i>	Issues
Hybrid/complex model	<p>This model is an amalgamation of two or more of the model mentioned above. For example, often the employment and WISE models are combined to provide a space for homeless people to be paid, receive training <i>and</i> work experience to move into mainstream employment.</p> <p>Complex organisational management, staff team and legal form all model dependent.</p>	<p>There are four clear organisations using this model but in reality most of the social enterprise employ hybrid business approaches.</p> <p><i>(New Start))</i></p>	<ul style="list-style-type: none"> • Employees with complex support needs • Answerable to funding/grant body • Not protected financially by a parent organisation • May fail during start-up phase (similar to mainstream small and medium sized enterprises) • Moderate to high resource constraints (i.e. financial and intellectual) • Imbalance of social and economic aim • High levels of bureaucracy • Complex accounting methods

6.3.1. Work integration social enterprises (WISEs)

The first model operates within the realms of the 'intermediary labour market' (Nyssens, 2006). Social enterprises in this sphere provide mainly work and training experience to assist low qualified, unemployed people, who are at risk of permanent exclusion from the labour market. The model involves a trading activity that has a direct social impact, but also deals with a trade off between producing financial return and social impact. This model depicts the majority (138) of the social enterprises identified in the *homelessness social enterprise survey*. For example, *First Fruit (CIC)* manufacture cheerleading outfits and recycle office furniture to fulfil their commercial interests while reinvesting money back into the organisation to support homeless people in hostel accommodation and secure employment in their warehouses.

Two case studies, *United Cafés* and *Inspire*, both illustrate the *WISE* model. The Cafes span London, Oxford and Newcastle and support homeless people through training and work experience to provide them with the skills to work in the catering industry. *Inspire* a painting and decorating social enterprise also assists homeless people with training and work experience. It is important to note a key complexity here in that both of these social enterprises are owned and operate under the guardianship of two large homelessness organisations, which also lend themselves to another model of social enterprise; what Teasdale (2010a) refers to as the *Contracted Service Provider* model. A number of organisations in the homeless sector have moved into the area of delivering public services (such as housing advice, employment advice and training) thus entering into partnership with the state. So there is a potential paradox here between the stakeholders. Essentially the host organisation must meet government targets while balancing and being accountable to homeless people's needs. Being attached to the parent organisation also affords the social enterprises less autonomy.

The following accounts outline the *WISE* model:

...“All trainees are offered a training programme which includes NVQ level 2 in food preparation and cookery; multi-skilled hospitality service and customer service. We also do the coffee training at a professional roastery so they become barristas. The training programme is a staged approach to development with job support and work experience where possible too”... (Anabelle; United Café).

...“The idea with Inspire is that they [the trainees] do a six to eight week training course on decorating and then another three to six months placement work, for which they get training credits. They get an equivalent of a meal and training credits. Then the idea is to try and get them into work”... (Anthony; Inspire).

This evidence suggests that the social aim - to train and provide work experience for homeless people - is firmly embedded in the model's core framework. The social enterprise can afford to demonstrate less focus on profit margins because, invariably, it receives substantial support from a host organisation. In return the parent organisation requires that the social enterprise generates enough 'social impact'⁶³ to justify supporting the enterprise financially through its charitable funds and/or grant donations.

Teasdale (2010a) refers to this model in his typology as the *training and work experience* model. It is arguably the most dominant model in the homelessness sector as this study's survey has uncovered. The conceptual thinking around this model focuses on training and work experience and *not* on profit and employment. This suggests that the model suits the needs of homeless people experiencing multiple exclusion issues because the working environment is geared towards support and although it mimics the mainstream labour market there is less pressure on employees/trainees:

⁶³ For the purpose of this study social impact is used to demonstrate positive change in society.

...“This model is better because you could take people with quite severe and complex problems and give them a lot of time. And that’s worked and some of the other social enterprises (with different models) haven’t been able to”...(Anthony; Inspire).

Supporting a workforce with multiple exclusion issues and high social support requirements presented significant challenges to the social enterprises in the study. There was general agreement across the interviews with social enterprise leaders, that unless they were able to provide significant social support *as well* as skills training and work experience the individuals were not able to ‘add value’ to the business. Importantly, however, it is not just about the trainees contributing to the social enterprise but also about the social enterprise ensuring that the trainees have the skills to do the work required of them. It should be seen as a two-way process. The social enterprise leaders were sympathetic to this point. However conveying some of the limitations that working with people with complex lives presents was difficult to relay to funders:

...“Basically I didn’t think anyone really realised the difficulty of the client group we are working with. I spent the first few years in regular steering groups and writing reports and it was all kind of target driven and I am very much not target driven. I had real battles with the steering groups and they were saying you should be generating income. I was saying first thing we need to do is skill up the clients in the area and give them some structure so they are able to contribute to some kind of business but if they are not stable then they can’t add value to the business. If you are trying to fully staff a business with chaotic people it doesn’t quite work that way”...(Anthony; Inspire).

WISEs’ have a ‘multiple goal’ and ‘multi-stakeholder’ orientation, concentrating not only on economic goals but also on social and socio-political (civic) goals (Campi, Defourney & Gregoire, 2006). While there is broader consideration of a number of goals with this model in reality the case studies identify that the balance of these goals is something that the social enterprises continually struggle with as the following evidence suggests:

...“Homeless people bringing in sandwich orders were never financially sustainable. It provides work and brings in an income but it is not enough to cover the full wage costs of employees and certainly not the overheads of the business”...(Jessica; The Lunchbox).

...“We need to kind of commercialise some of the other stuff we’re doing. Because I think I explained we’ve got things like woodwork shops and we’ve got a bricks and mortar project and stuff. But they are really kind of training facilities that maybe have a little bit of a revenue generation, but it’s not really joined up or financially viable”...(Anthony; Inspire).

The *WISE* model presents a number of complex issues. On the one hand it keeps the social aim firmly at its core; beneficiaries receive training and work experience and important soft skills, although they are not paid but remunerated through training credits. On the other hand, the actual business side of the enterprise performs a balancing act between meeting the parent organisation’s requirements and adhering to funding body needs. All the while the business strives to make a ‘profit’ by operating with people who require significant levels of emotional and practical support.

6.3.2. Accommodation and work experience/training model (AWET)

The accommodation provider model (Teasdale, 2010a) sees Housing Associations (HAs) as accommodation providers who rely on housing benefit as part of their income and therefore trade for a social purpose. In a similar vein the *Participation Based Community* model identifies the radical Emmaus project, which creates communities for homeless people to live. The community is supported by trading recycled items that people no longer want (Teasdale, 2010a).

There are a number of accommodation providers and participatory communities identified in the survey, but due to the models’ similarities and time restrictions this study will concentrate on the accommodation model. Three accommodation providers, one a Housing Association in the East Midlands (*Revitalise*), another, a worldwide

organisation which assists disadvantaged groups, including homeless people (*The Lunchbox*), and finally a large homelessness organisation (*Inspire, Incubator Hub, Green Cycles* and *Media 4 All*) working in England, represent this study's in-depth casework. All three organisations have a number of social enterprises under their management that offer work experience, training and accommodation.

Once significant challenge associated with the *AWET* model is the tendency for the parent organisation to encourage a number of social enterprises instead of focusing on securing the sustainability of the initial social enterprise before scaling up or introducing more. This is, in part, because the parent possesses the resources to support social enterprise development. The social enterprise leader for *Revitalise* explains how diverse the organisation's social enterprise remit is:

...“The catering was the first one, four years ago and then the painting and decorating was three years ago and then the house maintenance, that was about two years ago and the Bike Club at the same sort of time as well as setting up the workshop. I have just done all of that now and set up the new bits on top of the NVQ's and industry recognised certificates”... (Frank; Revitalise).

This model is similar to the *WISE* approach; however, the key significant difference is the accommodation aspect. This brings in a further element of complexity regarding the operating of the social enterprise. While some participants reported feeling 'safe' in a protected housing environment a number of social enterprise leaders expressed concerns about people becoming 'institutionalised' and not moving on from the organisation (see Chapter Seven for further discussion). Moreover, having the accommodation and the social enterprise in such close proximity could lead residents to feel that they *have* to be involved in the social enterprise to demonstrate commitment to move forward. This could present an environment of false conditionality where people feel that unless they take part in work and training their accommodation may not be stable. Of course, the hostels have conditionality rules, no alcohol or drugs for example, but the extra element of living where you work could put people under stress and further pressure on chaotic living.

6.3.3. *Employment model*

This model offers employment, to vulnerable or disadvantaged people (Alter, 2007; Teasdale 2010a). The model incorporates any type of employment, which may be paid but might also encompass a training programme that leads to employment within the social enterprise or with other employers in the chosen sector. Furthermore, the model provides for skills development and the jobs are created with people's capabilities and limitations in mind, as well as balancing commercial viability. Common employment businesses found in the wider social economy - commercial and non-commercial activity performed by third sector organisations or community organisations (Amin, 2009) - are cleaning and landscape companies, cafes and recycling enterprises among others.

A good example of this model identified in this study's *homelessness social enterprise survey* is *Pryors Bank Café*. The Café is a self-sustaining enterprise, which employs and assists homeless and disabled former service personnel by offering training and work experience in the catering industry. Support services for the employees are also included in the employment model, such as, soft skill training, mental health counselling, and housing support. All of the above support factors are critical elements in the business model if the social enterprise is to be successful and sustainable, especially in the homelessness sector.

It is the work of *New Start*, a multi-purpose and multi-goal social enterprise working predominantly with homeless people (as well as long-term unemployed, lone parents, parents returning to work and refugees) that really stands out as a 'best practice' employment model. This is because they not only offer paid employment in their packing and distribution company but they also provide job training workshops and move on employment to more skilled jobs through their temp matching agency. The social enterprise leader explains how *New Start* operates:

...“We’ve got New Start training and employment but along side that we’ve got New Start distribution which offers sessional employment in either packing or delivery work for people who are long-term unemployed, homeless, and some people have mental health issues. So it’s just small bits of work to help ease themselves back into the whole process of being an employee and having to get up in the morning to attend at set times and being managed and focused on something for a length of time as well. We tend to try and start people off on short hours work then as we see them progress we would offer them longer periods of work”...(Caroline; New Start).

The key selling point of *New Start* is the flexibility with which the enterprise offers working hours. The employment contracts are based on a zero hours approach, which means that those receiving benefits can work the number of hours required without being penalised. This approach also suits caregivers and those who may be entering employment for the first time or those who have no working history. Of the six case studies, *New Start* and *Premier Crew* are the only homelessness social enterprises that pay their beneficiaries. The ambiguity of whether or not to pay people is a pertinent issue, which will be discussed in more detail in Chapter Eight. However, it is important to highlight the issue here in order to introduce the differences in the respective models. For example those models with more of a business focus (employment, profit-focused and client-led models) and unsupported by a parent organisation are more likely to pay individuals and focus on presenting themselves as mainstream employers.

6.3.4. Entrepreneur-support model

Thus far the models presented demonstrate a top down approach. Involving either a social entrepreneur without direct experience of homelessness leading the enterprise or the support of an experienced homelessness organisation keen to discover other avenues of revenue and support for homeless people. The following models are more grass roots in character and importantly have been identified as *emerging* models in the homelessness field. All have emerged through this study’s survey.

The *entrepreneur-support* model aims to facilitate the financial security of individuals by supporting their entrepreneurial abilities and ideas. The concept is that homeless and/or formerly homeless people and organisations seeking to support homeless people set up their own social enterprise and eventually achieve financial independence through sales of services/products while being ‘coached’ and supported by a parent organisation or funding body. The practices and techniques of this model are well recognised in the wider social economy as highlighted during the discussion in Chapter Two regarding the *entrepreneur- support* model (Alter’s, 2007). Economic development organisations, including microfinance institutions and small and medium sized enterprises (SMEs) demonstrate practical examples in the social economy.

The *entrepreneur-support* model can also be found in the homelessness sector. Evidence from the current study’s survey provides a case in point. The organisation that manages *Revitalise* - mentioned earlier - also operates an *incubator hub*. This newly emerging trend assists homeless people with the growth and development of their fledging social enterprises. At present two social enterprises, *Green Cycles* (bicycle recycling and repair) and *Media 4 All* (IT solutions) operate out of the hub and show considerable promise to become self-sufficient social enterprises. What is important to note about this model is that it starts out being closer to a traditional business. Homeless people are encouraged by entrepreneurs to develop their capabilities, research the market and think of viable trading activities and products that focus on profit. The entrepreneur ‘coach’ explains the concept behind the hub:

...“If you're homeless you don't have your spare bedroom or your garage and you don't have your networks or your friends, saying, ‘oh can you do that and do this’. But if you believe in the power of individuals and see homeless people's potential you can nurture it in business terms. When they start up, they don't get massive funding amounts of money. So they are very close to being self- sustaining; the reality is they start off far closer to a business, whereas if you are an organisation and you start it off, your reality is never on business. I mean you are getting salaried and you do your work and you go home and that isn't the mindset of a businessperson. I mean if the business person doesn't generate revenue then they can't get paid; the clients have a burning kind of ambition”...(David; Incubator Hub).

In essence the social enterprise starts with a focus on the individual, who invariably decides that they want to help others on their pathway out of homeless or long-term unemployment and then build into the business plan how they might be able to achieve that through employment, training and work experience. With these points in mind this model is empowering for homeless people. They are able to demonstrate a larger degree of autonomy compared to being involved with a homelessness social enterprise at the project or activity level and to some extent are able to demonstrate their skills without, perhaps, feeling troubled by the notion of being a ‘victim’ or ‘needy’.

6.3.5. Profit-focused model

This model has profit making as the main focus in order to generate profit surplus for social objectives met elsewhere, via a charity for example. The model involves engaging in *activity* that has no direct social impact, but is focused on profit, which is then transferred in part or whole to another activity that does have a social impact (Alter, 2007; Cheng & Ludlow, 2008). This approach is arguably the closest to private enterprise principles and pays a wage to all employees. Social enterprises adopting this method are more likely to have ‘mixed’ workforces of homeless and non-homeless individuals, with the latter representing the majority of the workforce. An example of this type of model in

the wider social economy could be charitable foundations investing their endowments in mainstream financial markets.

Alter (2007⁶⁴) and Cheng and Ludlow (2008) have shaped much of the debate around this type of model in the wider social economy literature - referred to as the *service subsidisation* model. However it is interesting to note that while they and this study's survey highlights the presence of the *profit-focused* model, Teasdale's specific typology on homelessness social enterprise does not, although this is not to say that the model would not be amenable to Teasdale's framework. His closest model for example is the *revenue generator* model.

Evidence of the *profit-focused* model from the *homelessness social enterprise survey* includes *SPARK Fabrications and Framing Limited*, who specialise in fabricated steel products and picture framing services. As well as *White Box Digital*, a full service internet company providing IT and Communications packages to third sector organisations, businesses and government agencies. Inherent in both of these organisations is their social remit towards homeless people and those that are excluded from the labour market but also, crucially; they seek to make a 'profit'.

Although relatively few organisations adopting the *profit-focused* model have been identified in the survey, the reality is there are likely to be more but it is difficult to ascertain as they will be subsumed within a *hybrid* approach, see Chapter Three, section 3.3.3 and section 6.3.7 below). However, the case study of *Premier Crew* provides supplementary evidence. Ian, the social enterprise leader, provides insight into the reasons why a focus on profit should be embedded in the business models of social enterprises operating in the homelessness field:

⁶⁴ The concept being to "sell products or services to an external market and then use the income it generates to fund its social programmes" http://www.4lenses.org/setypology/fundamental_models.

*...“If we don’t have a business we don’t have any opportunities to offer anyone, so it’s kind of why our commercial focus always comes first because if I haven’t got jobs to offer people we can’t employ the ex-homeless people, we cease to be as effective as we’d like to be, you know?”...**(Ian; Premier Crew)**.*

There is of course the argument that the requirement to demonstrate social aim(s) as associated with social enterprises precludes the adoption of more ‘profit’ focused organisations. However the reason for an enhanced focus on more traditional for-profit forms of social enterprise could assist organisations in response to cuts in public expenditure and contend with the adverse economic climate. Therefore ensuring more innovative ways to support those experiencing homelessness.

6.3.6. Client-led model

The premise of this model is that formerly homeless people set up their own or mutual social enterprises in response to homeless individuals needs or parent organisation requirements. They receive help and support from business coaches and grants from central government. The model engages in a trading activity that demonstrates both direct social impact and also generates financial return in direct correlation to the social impact created. This model is also well suited to the final element of the ‘triple bottom line’⁶⁵ associated with the social enterprise ethos, the environment. The survey uncovered a number of social enterprises (5) adopting this model including *Green Cycles* and *Media 4 All*. The former, a bicycle recycling and repair CIC, not only recycles and sells bikes but also trains those with experiences of homelessness to become bike mechanics. The latter, redistributes unwanted IT appliances, with zero per cent landfill commitment, while offering training and job placements to disadvantaged people. Both organisations demonstrate strong, social and environmental commitments while managing to trade as a business.

⁶⁵ The triple bottom line is a term used to define the key activities of social enterprises being, social, economic and environmental, in contrast to the financial bottom line of traditional business models.

A key advantage of this model is the desire of formerly homeless people to assist others who are in a similar position. However there is also a solid focus on making a profit and therefore recognition of the need to balance the social and economic aim. The following extracts highlight the points in question:

...“We are not a run of the mill bunch of people down here. We all love bicycles and we all like helping people and like helping each other. Because we all go through bad patches and if we don’t have the support that we need, you know, my door is always open. I don’t always get it right because circumstances are different for each other but we do try and help each other”... (Fred; Green Cycles).

...“I am teaching the parent organisation’s clients in exchange for the space, then once I got the space I started using it as a way to make a living, to make capital. It’s exciting at the moment, just trying to find my way and make money for myself but also to help others”... (Andrew; Media 4 All).

Parallels can be drawn from the *entrepreneur-support* model, in fact it is difficult to separate the two in practice but they do demonstrate different ideologies. The *entrepreneur-support* model encourages beneficiaries to set up businesses but they *do not* have to be social enterprises. The *client-led* model, on the other hand, not only operates in industry or provides products and services they also have a primary social aim to assist and work, mutually, with other homeless people in their pathway out of homeless. Still it is right to question whether one model would survive without the other; without the support of a parent organisation or government programme would a homeless person have the resources to be self-employed? Conversely, the *client-led* model offers the most grass roots approach to engagement and could potentially understand better the multiple exclusion issues faced by homeless people.

This model is highly politicised, the initial funding for both *Green Cycles* and *Media 4 All* came from the *Spark: Igniting Social Enterprise* initiative referred to in Chapter Two. As part of the former Labour government’s homelessness strategy ‘No One Left Out’ this cross sector collaboration between public, private and third sector organisations has seen

formerly homeless people transform their lives through social enterprises funded and supported by the initiative. The initiative claims to focus primarily on prevention but interestingly the people that have benefited were already in unstable housing situations which indicates that this model has the potential not only to work towards preventing homelessness but can also assist those that are already experiencing insecure housing situations and labour market exclusion.

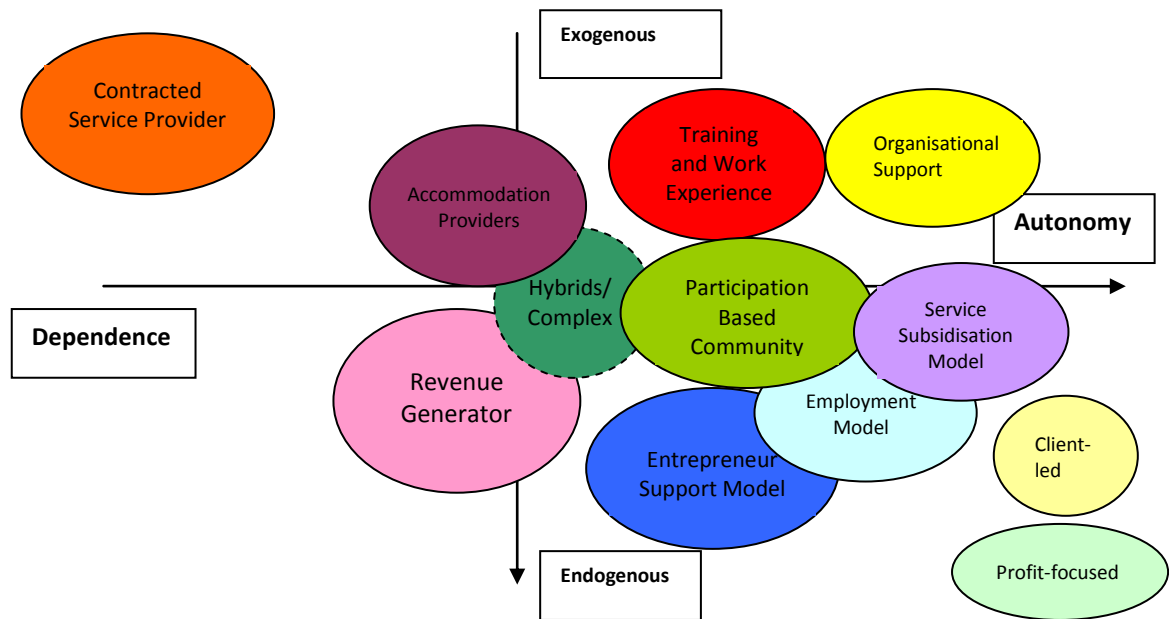
6.3.7. Hybrid/complex model

This model is not so much a model per se but more an amalgamation of a number of the models discussed above. For example *New Start* uses funding, makes profit, employs and trains homeless people and moves them onto mainstream employment. Although the aforementioned models suggest typical ways of working, in reality a number of homelessness social enterprises combine two or more of the above models to make a single *hybrid/complex* model (Alter, 2007; Teasdale, 2010a). This demonstrates another signpost along the way, which uncovers complexity with which homelessness social enterprises work. Moreover, there are limits to the combinations of these models. For example if the *WISE* and *employment* model's are combined, the social enterprise will have less autonomy to pursue risk and scale up the social enterprise in order to pay and employ homeless people due to the attachment to a parent organisation.

6.4. The autonomy of homelessness social enterprises

Social enterprise models are multifaceted; they occupy different sectors of the economy and, in particular, operate within a range of service industry jobs. Furthermore, social enterprise means “different things to different people” in different circumstances and at varying points in time (Teasdale, 2010b:16). With this in mind it is perhaps no surprise that the social enterprises in this study employ hybrid business models with complex legal structures and subsequently present a number of challenges. To aid conceptualisation of homelessness social enterprise models the following diagram (6.7) illustrates the various social enterprise forms emerging from this study's literature search and survey.

Diagram 6.7: Autonomy of homelessness social enterprise models



Source: Case study and interview analysis

The forms are plotted according to autonomy from a parent organisation or dependence on them. The position from where the models tend to begin is also charted, according to exogenous factors, such as social and economic aims set by a support (i.e. charity or trust) organisation for example. Factors endogenous (internal) to the social enterprise, such as social and economic aims set by homeless and formerly homeless employees/trainees, which enable grass-roots initiation for example, also indicate possible origins of development of the social enterprise models. However, the forms can be influenced by both exogenous and endogenous elements. Essentially these elements indicate what forces may aid the development of the forms, regardless of their origin. Chapter Seven examines exogenous and endogenous dimensions in detail.

A thorough analysis of the survey indicates that the most popular social enterprise form in the homelessness field is characterised by the *WISE* model (45%). Following closely is the *AWET* model (39%) and then the *employment* model (10%). All models are represented in the scatter diagram above. The models were expected by the researcher to be represented in the survey, particularly as the focus of the study is on employment and training. The reason for the dominance of such models is due to the embedded nature of the social objective. The driving force behind these organisations is to tackle the labour market exclusion of homeless people through training, work experience and ultimately, the opportunity of employment. The legal structure that the social enterprises adopt is also important. The trading charity, CLG and CLS forms in particular offer both tax advantages and limited liability should the business element fail.

The *entrepreneurial support* model represents three per cent of the sample and appears less statistically important than the other models but it has the potential to generate both enterprise *and* employment opportunities for homeless people. Dees and colleagues (2002) and Jones and Keogh (2006) suggest that due to the context of rapid social, demographic, economic, political and technological change many voluntary organisations in the social economy recognise that they must innovate and change to survive and succeed. For some of these organisations change will require a more entrepreneurial approach and competitive business norms and behaviour (Jones and Keogh, 2006). The *incubator* model, used by one major homelessness organisation in this study, which supports homeless people to become entrepreneurs, is a prime example of a third sector organisation responding to this challenge. With this in mind, it may be argued that the *entrepreneurial-support* model, which is illustrated in the above scatter diagram, holds more prospect for building grass-roots, independent, sustainable and autonomous social enterprises, with homeless or formerly homeless people in control of the operation from the outset. Admittedly, this model may only be suitable for homeless people with fewer support needs.

However, perhaps the most pertinent discovery through the analysis of this study's survey points to those models *absent* from the homelessness sector. For example, the *Fee-for-Service* model, which commercialises its social services and then sells them directly to the individual and the *market linkage* model (Alter, 2007), which facilitate trade relationships between individuals, small producers, local firms and cooperatives for example, and the external market. There could be a number of reasons explaining the absence of such models. From an economic perspective the *market intermediary* model may be too costly. Social enterprise support organisations, such as Tribal and Social Enterprise UK would need to have considerable collateral in their existing business to be able to offer credit. It may be argued that with sixty per cent of social enterprises in the homelessness sector relying partly on funding from a parent organisation there is not enough financial independence in the sector as a whole for this model to evolve.

Historically social enterprise models have been adopted by non-profits as an auxiliary project to diversify funding streams. This is referred to as the 'funding approach' (Alter, 2007). Often this approach does not result in good financial returns; instead it creates sustainability issues and dependence on grants and in-kind donations. Therefore a *market linkage* model is unlikely to exist in a sector that features financially unstable social enterprises; the *market intermediary* organisation would be likely to go out of business due to the precarious nature of the social enterprises they are engaged with. Historically the 'funding approach' adopted by social enterprises has steered them towards a focus on earned income thus potentially missing other opportunities to evolve their model (Alter, 2007). For example the non-tangible assets associated with many social enterprises i.e. their social capital (networks, proximity to the client group and knowledge of the sector) could make them prime candidates to develop into a *market linkage* model but perhaps their narrow focus precludes them from diversifying.

Historically the importance of social enterprise has been played out through the previous Labour government's policies dedicated to a 'Third Way' in bridging the gap between state provision of public services and related social policies to assist those in need (Giddens, 1998). The current rhetoric of the Coalition government concerning social enterprise points to the need to develop more innovative and financially sustainable

models closer to private enterprise principles (Kane & Allen, 2011). Politically the 'mood' is strong in support of social enterprises and the approaches encouraged by the Coalition government seek to develop more *profit-focused* models, which are currently absent from the homelessness sector, as highlighted earlier. Homelessness is obviously more convoluted than social enterprises offering support and employment to provide pathways out of homelessness but being seen to assist those less fortunate is often a key political manoeuvring tool with the electorate. Without such strategic tools a kink in the 'political armour' may develop.

Finally, at a more macro level of society social factors may impact whether more market focused models could be introduced and survive in the homelessness sector. For example individualist explanations of homelessness focus on the personal characteristics and behaviours of homeless people and therefore concludes that people are responsible for their homeless situation (Neale, 1997). Despite this school of thought being challenged by pressure groups and academics in the mid-1960s (Fitzpatrick et al, 2011a) public perceptions of homeless people still largely reflect this rhetoric (Donald & Mottershaw, 2009). As such social enterprise models, which look to develop and sell products and services based overtly on their social aim, may experience low customer support. Conversely the reverse could also be said; customers may be *more* likely to purchase from the social enterprise because of the social remit to support homeless people. In summary there appears to be a range of factors that may explain why some social enterprise models are not currently prevalent in the homelessness sector.

6.5. Conclusion

The aim of this chapter has been to shed light on the complicated task of identifying different models of homelessness social enterprise and the complexities and ambiguities with which they have to operate. The hybrid nature of social enterprise models suggests that they are complex and are likely to experience a period of legal structure transition in the homelessness sector, particularly when afforded autonomy. Overall the survey suggests that social enterprises in the homelessness field are clustered around certain activities - training and work experience, housing support and employment - and they

operate within particular sectors - recycling and catering. A key finding, in this context, is the hybridity of most social enterprises suggests that they also operate across sectors, including the public sector, such as housing, education and training. On the surface, the skills levels of homeless people at least in part, reflect the choice made by homelessness social enterprises to operate predominantly in the service sector. However, through deeper analysis, the evidence also points to other factors crucial to industry choice, such as the existing skills set of the social enterprise leader, locating gaps in the market or finding an internal market within a larger parent organisation, or simply 'stumbling' across an opportunity. Therefore, the critical finding is that there is no singular approach adopted by homelessness social enterprises and industry choice was unique to each case study. The findings also suggest that social enterprises located in the homelessness field denote mostly hierarchical and nested structures, as opposed to flat organisations, with few owned and managed by homeless people. Reflecting on these findings enabled the researcher to detail a definition of homelessness social enterprises for use by academic, policy makers and practitioners in the field to lessen definitional confusion and clarify the role of social enterprises working in the homelessness field. Finally they are embedded, particularly the *WISE* and *AWET* models, within parent/host organisations and 'dependent' on them for support. In comparison to social enterprises adopting the *profit-focused*, *employment*, *entrepreneur-support* and *hybrid* models, which are independent and exercise relatively more autonomy.

To build on the knowledge presented here, Chapter Seven investigates the ambiguities and complexities of homelessness social enterprises in more depth. As such the following chapter uncovers the demand and supply side aspects of the increase in social enterprises operating in the homelessness field. Following this the exogenous (external) and endogenous (internal) factors associated with the development of homelessness social enterprises are also explored to enhance theoretical and empirical depth regarding the phenomenon of social enterprise as a means to address the labour market exclusion of homeless people.

CHAPTER 7: FACTORS SHAPING THE DEVELOPMENT OF HOMELESSNESS SOCIAL ENTERPRISES

7.1. Introduction

This chapter considers various exogenous (external) and endogenous (internal) elements shaping the development of social enterprises working in the homelessness field. To summarise, in Chapter Six the reader was introduced to the unique characteristics of homelessness social enterprises and the many models - new and reformed - that are represented in the sector. Attention was also paid to the ambiguous and complex nature of social enterprises operating in the area of homelessness. Following on from there the discussion of findings in this chapter draws on data and analysis from the six case studies adopted for this study (see Chapter Four, section 4.4) to uncover the finer details concerning the development of homelessness social enterprises. The case study evidence incorporates participant observation, interviews with both social enterprise leaders and trainees/employees, and documentary evidence.

The central question underlying this chapter is the extent to which economic and political (exogenous) factors, and social factors (endogenous) to homelessness social enterprises influence their development. First the chapter considers the growth of social enterprises in the homelessness sector from demand and supply side perspectives. Following this exogenous factors such as the economic climate, in terms of the recession are considered. Exogenous political aspects are then introduced concerning the implications of the reduction in public sector provision, responses to the 'Big Society' and localism agendas as well as wider points around new policies such as the Work Programme and the influence of legislation in general that has the potential to shape homelessness social enterprises. The second major element of the chapter follows in relation to social factors endogenous to homelessness social enterprise development. The social element concerns development impacts relating to the goals, strategies and overall environment of homelessness social enterprises. Initially the issue of definitional confusion is revisited before social entrepreneurialism, network membership, innovation and diversification and team dynamics are discussed. The main point that this chapter makes overall is that

despite adverse economic and political factors, homelessness social enterprises have grown in scale (from 100 to 306 according to the *homelessness social enterprise survey*) over the course of this study. Although it is not clear whether this phenomenon has occurred due to demand or supply side factors, it is probable that the increase and sustainability of such enterprises is due to the social factors within the social enterprises. Essentially, elements such as innovation and diversification of products/services and networks of support buffer against the more challenging exogenous conditions associated with the impact of the recession and government austerity measures.

As has been previously mentioned in Chapter Two (see section 2.4.4) employment rates have slowed and unemployment has risen significantly in the last two decades. This can be attributed to a combination of societal changes including, slower productivity growth, computerisation and demand for highly skilled workers (Nyssens, 2006). These labour market issues have led to acute social and economic problems such as long-term unemployment, exclusion of unskilled workers from the labour market and consequent risks of social exclusion, particularly for vulnerable groups (Nyssens, 2006). Social enterprise has been put forward as a policy response to address some of these social and economic challenges. However, to date, only a couple of scholars have attempted to deconstruct the factors and features that shape the development of interventions by social enterprises in the homelessness sector looking to generate employment and enterprise opportunities for homeless people (Buckingham, 2010a; Teasdale, 2010a; Teasdale, 2012). Therefore the following discussion seeks to build on this knowledge and acts as a focal point to bring together many of the essential elements that contribute to the development of homelessness social enterprises.

7.2. Growth of Homelessness Social Enterprises: Demand or Supply?

As alluded to in Chapter Two (see section 2.4.4) and Chapter Three (see section 3.2) the UK is currently undergoing a period of substantial austerity measures to reduce economic deficits. As part of this programme the Coalition government has made significant cuts to local funding and consequently the third sector (Fitzpatrick et al, 2011a). Subsequently the quality of service and sustainability of third sector organisations delivering public

services is threatened. The main discussions in public policy are about the ability of social enterprise to deliver public services. While larger social enterprises are likely to have the public sector as a significant trading partner, 37 per cent of social enterprises trade with the general public (Social Enterprise UK, 2011). Therefore a different conversation about social enterprise and its approach to addressing social deprivation needs to be had both at policy level and within wider academic debates.

Due to the turbulent economic environment the number of social enterprises has increased in recent times. The social enterprise sector in the UK is dynamic, with entrepreneurs opting to work in the UK's most deprived areas to tackle poverty and social exclusion. In fact, 39 per cent of all social enterprises work in 20 per cent of the most deprived communities in the UK (Social Enterprise UK, 2011). In comparison with other relatively small and medium sized enterprises (SMEs), social enterprises are outstripping them in terms of growth. 58 per cent of social enterprises grew last year compared to 28 per cent of SMEs (Social Enterprise UK, 2011).

Against a difficult economic backdrop, social enterprise is increasing across the third sector but what about at the micro level, where organisations work with vulnerable groups? It is notoriously difficult to glean data regarding more 'below the radar' types of social enterprises such as those in the homelessness sector. They are often small and not in contact with support organisations and government agencies who attempt yearly statistical overviews of the social enterprise sector as a whole (McCabe, Phillimore & Mayblin, 2010). However, this study's *homelessness social enterprise survey* shows that since the inception of the study the number of homelessness social enterprises has grown from 100 to 306 in January 2012. While this is not an exhaustive account due to the time and resource limitations associated with fieldwork it does show a significant increase in the scope of the homelessness social enterprise sector.

As mentioned in Chapter Three (see section 3.3.2) the *Spark: Igniting Social Enterprise* funding strategy, (part of the former Labour government's homelessness strategy) could be *part* of the reason for the increase in homelessness social enterprises. Although this funding stream along with the *Future Jobs Fund* and the *Supporting People* initiatives has

now ended. Therefore further explanations of the increase may be due to *demand* for these types of organisations. As austerity measures become embedded and cuts in welfare benefit are introduced levels of homelessness and unemployment are rising. Therefore it may be possible that homelessness social enterprises are simply responding to 'need', where vulnerable people look to the third sector for support where the public sector has 'failed'. The following discussion of findings taken from this study's data collection and analysis looks at the economic and political conditions influencing the development of homelessness social enterprises.

7.3. Exogenous Economic Conditions: Recession, The 'Triple Threat'

The negative effects of the economic recession (2007) were expressed across all six of the case studies but to varying degrees. Social enterprise leaders reported reductions in sales and loss of contracts which meant that, economically, they could no longer deliver on some of their social objectives, in particular to provide paid employment. Furthermore, social enterprise leaders were also concerned about the capacity to cope with the influx of people due to rising levels of homelessness and unemployment. Although the above issues were expected, to some degree, by the researcher, the *timing* and *pace* of the impacts of the recession were not anticipated. From a commercial perspective social enterprises were hit instantly, contracts dried up and consumer spending was heavily affected:

...“Attracting business is one of the hardest things, in this current economic climate, erm, it is the, the training bit, not a problem, er the premises not a problem, it's attracting outside business, that is the biggest challenge and probably always will be”...(Frank; Revitalise).

And:

...“We have been trying to grow but this has been especially difficult during a recession. Everyone is cutting back, the first thing you do is to stop buying sandwiches if you're broke” ... (Jessica; The Lunchbox).

In terms of commercial impact, lack of business and reduced consumer spending were almost immediate when the global economy started to fail. While these elements are generally an enduring feature of commercial operations, they are of course, more pronounced, during a recession. The third element pertaining to the recession comes from the reduction in charitable giving. So for organisations that have a charitable element to their legal structure⁶⁶, such as, *Inspire* and *The Lunchbox*, they are experiencing a 'triple threat'. Meaning a reduction in contracts, customer spending *and* a decrease in charitable giving.

A second critical factor associated with the recession is the rising levels of homelessness. As documented in Chapter Two (see section 2.2) statutory homeless figures have increased by 34 per cent since the end of 2009 (Fitzpatrick et al, 2012) and rough sleeping, dramatically, by 43 per cent in London (Broadway, 2012; Crisis, 2012a). Therefore *demand* for organisations working with homeless people has increased as has the *pressure* for existing projects and programmes to deliver support for homeless people. Social enterprise leaders referred to the 'warehousing' effect as one of the key difficulties associated with the increased need for services and the strain on resources. The 'warehousing effect' is where individuals become 'stuck' not able to move on or through social enterprise programmes. This is associated with structural issues such as too few jobs in the mainstream labour market and restricted access to affordable housing. Ian, from *Premier Crew*, explains the situation:

...“You run the risk of just warehousing people. We’ve got so many people to come and it’s very difficult to get those individuals in and focus on their needs and apply our resources in a successful way because we are just inundated. And that met with massive cuts means you create this very vacuous situation”... (Ian; Premier Crew).

Despite the difficulties associated with the 'warehousing' effect it does mean that other problems reported by social enterprise leaders such as high staff turnover have decreased. The increased reliability of the workforce has enabled the enterprises to plan ahead more effectively and cope with staff absences more efficiently.

⁶⁶ Represented by the *WISE* model.

Discussions around the recession were largely represented during the social enterprise leader's depth interviews. However from the employee/trainee perspective there was an overall awareness and concern about "lack of job availability" (**Kevin; Revive**) and "competition for jobs" (**Phillip; New Start**) as prompted by the recession. The outcome of these impacts for individuals, again, comes back to the 'warehousing' effect with little prospect of mainstream employment or further training and education prospects. However, the 'warehousing effect' does vary according to the model adopted. It is more acute where the ultimate aim of the social enterprise is work integration. One social enterprise leader sums up the situation:

... "There isn't the work out there. So while we try and make people job ready now, they are with us because they can't find work, but if the market was like it was three and half years ago they would have left us by now" ... (Jessica; The Lunchbox).

The research evidence therefore presents a number of issues associated with the recession. The *timing* and *pace* of the impacts has put homelessness social enterprises in a continuous state of anxiety. The 'triple threat' in terms of the decline in commercial contracts, weak consumer spending and decline in charitable giving may see some social enterprises unable to employ and continue to train people. In addition, the 'warehousing' effect presents a dichotomous situation. On the one hand, individuals were unable to move forward from the social enterprises, particularly those where only work experience and training was offered, due to the weak labour market. However on the other hand this contributed to the relative economic performance of the case studies, regarding the increased reliability of the workforce. While the case study organisations were met with a number of difficulties regarding the economic climate, they remained operating and at the time of writing were not in a position where closure was imminent.

7.4. Exogenous Political Conditions: Reduction of Public Sector Provision

The Coalition government have inherited a wide-ranging and challenging policy legacy from the previous Labour government (Alcock, 2010). The third sector policy environment was constructed within the realms of a new spirit of partnership between the government and voluntary organisations forming close contractual relationships to deliver public services and strong strategic unions regarding policy engagement (Lewis, 2005). As alluded to in Chapter Three the development of partnership working has prompted criticism from scholars regarding the independence of voluntary organisations with fears over accountability, incorporation and isomorphism (Smerdon, 2008). Despite these issues remaining central in academic and policy debates the Coalition government appears set to continue with the partnership model through the 'Big Society' discourse. Although the term is largely un-operationalised and open to interpretation it is intended as an endorsement of the positive and hands-on approach that voluntary action and social enterprise can play in tackling social exclusion (Alcock, 2010).

As has been previously mentioned in Chapter Three, (see section 3.2), devolution of power and control to local and voluntary organisations are critical aspects of the 'Big Society' and were central to David Cameron's election campaign of 2010. Within this set of guidelines the Prime Minister also committed to a long-term culture shift in support of "a national life expanded with meaning and mutual responsibility" (Jordan, 2010:12). The premise behind this statement was to promote decentralisation and thus to revitalise democracy and reinvigorate social solidarity (Stott, 2011). Part of this radicalisation to shift power from state to local communities involves a leading role for the third sector and crucially social enterprises to deliver public services and address social problems (Stott, 2011). A central question underpinning the following discussion, taken from this study's case studies, is the extent to which the 'Big Society' framework actively seeks to foster social enterprise and whether or not homelessness social enterprises were keen to embrace it, reject it or move in a totally new direction. Evidence gathered and analysed from this study's case studies seeks to address this question and assesses the level of awareness that social enterprises demonstrated concerning the 'Big Society' and what it meant to operating activities.

7.4.1. Responding to the 'Big Society' agenda

The term 'Big Society' was used widely by case study respondents both social enterprise leaders and the majority of trainees/employees were aware of the agenda but held wide-ranging views on the purpose of the concept. What is clear from the perspective of the case studies is that the emphasis of the 'positive' elements of the 'Big Society' had not diverted attention away from the cuts in statutory funding coupled with the reduction in welfare support both of which are critical elements in how third sector organisations deliver services. Essentially they are expected to 'do more with less'. The general feeling across the interviews with social enterprise leaders was that the 'Big Society' was little more than "political dogma" (**Andrew; Media 4 All**), "a large-scale project for substituting public services" (**Ian; Premier Crew**) and a "top down approach" (**Jessica; The Lunchbox**) to what is already a grass roots method of responding to the needs of vulnerable groups where the market has failed. There was a large degree of cynicism regarding what the 'Big Society' is. For example, its explicit and implicit aims, how it would be operationalised and exactly *how* grass roots led it could be if the framework was being 'managed' from the top:

*...“When he [David Cameron] was going for Prime Minister, it was “it shouldn’t be coming from the top, it should be coming from the bottom” it was kind of hard to chew from someone at the very top who was trying to get into Number 10. In my opinion, it [social enterprise] needs to be more bottom-up”...(**Andrew; Media 4 All**).*

In terms of embracing the ideas associated with the 'Big Society' the social enterprise leaders were acutely aware of what that might entail in terms of public service provision. There was widespread concern about how social enterprise could take a leading role in operationalising the 'Big Society'. Particularly as the government has cut funding to the sector that is supposed to be delivering part of the ideology as Frank suggests:

*...“The alleged 'Big Society'... they [government] see people from within the community running a training centre or a business and helping people from within that community to better their opportunities and gain access to learning, working and training ect. However, if they [government] are taking the funding out of the people who are supporting those individuals, then there is going to be a) nobody around to run those businesses because that money isn't there to support them in the first place and b) there will be nobody supporting people to access those courses or those schemes or those businesses”...**(Frank; Revitalise)**.*

Also from analysis of the case study evidence, there is a wider point about funding and support for social enterprises and small and medium sized enterprises (SMEs) in general regarding how realistic it is to deliver services when current government legislation (see section 7.4.5. for further discussion) largely suits big business and not small enterprises. One social enterprise leader talked, with frustration, about the lack of support social enterprises receive despite their ability to positively address complex social problems such as unemployment and drug-use:

*...“As far as I am concerned the government is all mouth and no trousers. They are ignoring the small businesses and the reason I say that is because small businesses have the ability to adapt and change very quickly whereas a large company can't do that. They [government] need people like me who can help create more employment. That [social enterprise] all helps the economy and moves someone off benefit and stops them from putting a needle in their arms. They've [government] got to help small businesses not big businesses. We don't need a billion pounds or a million pounds. I just need enough money to go and buy my tools and train more people”...**(Fred; Green Cycles)**.*

The above findings align well with debates by critics that suggest the entire 'Big Society' theme is “nothing more than a cloak for severe cuts in public spending” (Jordan, 2010:13). Indeed how are social enterprises supposed to deliver on a vision of mutuality and responsibility if they do not have the means to do so? There is a vast contrast between policy aspiration and the reality of austerity measures. This is not only

represented literally in terms of statutory funding to the third sector (inclusive of social enterprise) but also in the wider policy sphere by reducing funds earmarked for the 'Big Society' bank and abolition of the Regional Development Agencies in England, which provided significant financial support (£1.5 million) to social enterprise networks (Brady, 2011).

While the social enterprise leaders did not universally reject the notion of 'Big Society' there was little indication that it had been embraced either. There was definitely a feeling of agreeing in theory with the ethos of what social enterprise could achieve in terms of support for vulnerable groups but not at the expense of the reduction in public services. As one social enterprise leader suggests social enterprise alone is definitely not enough to address the themes set out in the 'Big Society' agenda:

...“Can social enterprise substitute public services? I don’t know is the answer to that. We need them at the end of the day. If public services are gone they [politicians] are saying it’s ok we have got social enterprise. But maybe it’s not ok we have just got social enterprise. It’s all we have got though, so we have to make the best of it”...(Andrew; Media 4 All).

In terms of the way forward, evidence gathered from the interviews with social enterprise leaders suggested that they were 'getting on' with the running of the business as best as possible in the political environment and navigating the impacts of funding cuts. There was not the time or resources to construct a strategy or find a totally new way forward to deliver services/products. The social enterprises simply “make the best of it” (**Fred; Green Cycles**) and innovate (see section 7.5.4) incrementally to stay in operation and respond to challenges when they arise. Therefore the evidence gathered from interviews with the case study organisations outlines that the 'Big Society' is essentially a top-down approach to a movement (social enterprise, voluntary organisations and charity), which already works hard to respond to state and market failure.

There is therefore a tautology here. The 'Big Society' is "promoted as being a bottom-up, citizen-led and organic alternative programme" (Stott; 2011:20), a supposed break with the previous Labour government's top-down and state centred policies. However, the irony is that the 'Big Society' is promoted and implemented *by the government* this presents a paradox and one which also features what went before, essentially "reinventing the wheel" (Stott, 2011:20). Whatever way the 'Big Society' is explained and implemented it is still a top-down approach to community development. The evidence gathered from the case study organisations outlines that central government bureaucracy holds back homelessness social enterprises by making it difficult for them to meet funding requirements. These bureaucratic elements restrict their development where they are required to focus on certain public sector targets forcing them to work with people with lower levels of social support need. The result is that people with multiple exclusion issues may not be assisted back into work and training.

7.4.2. Localism

Much like the indistinct framework of the 'Big Society' paradigm; ideas around localism and in particular the Localism Act - granted Royal Assent, November 2011 - also lack clarity regarding the Coalition government's plans to decentralise powers to local government. The principal aims of the Act are to foster a grass-roots takeover of statutory services and for communities to hold local government more accountable for their actions. Although the Act seeks to provide local government with new freedoms regarding issues of governance arrangements (albeit subject to local referenda), the abolition of Regional Spatial Strategies (RSS) regarding planning and the discharge of homeless duty to the private rented sector (unregulated and without the wishes of the tenants considered), the Act also imposes sanctions, such as requiring local authorities to hold referenda on council tax increases (Raine, 2011). A paradox exists. On one hand there is talk of decentralisation of power while in practice directing local authorities and community organisations as to how they should contrive localism. This is arguably a form of governance without government, power is still centralised to some extent and therefore this is not a move away from "Big Government" to "Big Society" (Conservative Party, 2010) but rather 'hollowing out' of the nation state (Jessop, 2004). Where the

transfer of powers or more appropriately the transfer of responsibility for action is deconcentrated downwards to regional or local states and then on to civil society and communities themselves. This denotes expression of greater localism and responsabilisation.

The Act also requires local councils to draw up and publish lists of assets of potential community value and provide communities with the right to bid to take over any local authority service they believe can be run better (albeit without taking into account the rich sources of social capital, such as Doctors, Lawyers and Accountants, that are more likely to reside in some constituencies rather than others). The problem here is that this revival of local level governance rhetoric - 'new localism' - suggests that there is an absence of civil society and that grass-roots organisations need to be 'helped' to reach the same view as central government as well as assistance to organise themselves.

The case study evidence provides a mixed view regarding localism. Some local authorities are aware of the important work of social enterprises and actively promote an idea of localism, which builds on training, employment and supporting local business to take on local people. This is something that *New Start* is particularly good at. The social enterprise won a contract prior to any changes associated with the Localism Act to manage a 'Work Champions' Programme. The project involves employing fifteen people, three hours a week and training them to deliver the 'On the Job' Programme. The premise was to approach local unemployed people and tell them about the local services available to them such as health and educational services and offer them one to one support with job search in one of *New Start's* resource centres. The social enterprise leader was keen to highlight the support received from the local council:

..."The City Council recognise that its people who otherwise wouldn't be offered the opportunity to work, they recognise it as bringing the money into that local community. Therefore it's making the whole of the local economy more stable and people are spending local money in local shops, generating income and because the businesses are performing well they can then take on more local people. They recognise it's a benefit to the individual as well"... (Caroline; New Start).

On the other hand, *Revitalise* and *Premier Crew* would benefit greatly from local government being made to be more responsive to civil society. Their experiences of 'new localism' were not so positive. The social enterprise leader from *Revitalise* explains that although they are well known to the local authority there has been little engagement from the 'demand-side' to invite tenders for contract work:

...“They [government] might be talking it [localism] but they are not supporting it with action. If they were, surely local government would be ringing me up, (saying) “we’ve got x and y work going on, are you interested in tendering or something like that?” They might be talking about it at the top end but it’s not rolling out down here just yet, we’ll see”... (Frank; Revitalise).

Premier Crew also expressed a disparaging relationship with various local authorities in London. While their business operates out of Southwark, which has a lower council tax band, they employ and work through their former parent charity based in Westminster. As such *Premier Crew* are forced to pay high rates in Westminster without any reductions for the community work they undertake despite the fact it feeds into some of the local authorities objectives to address homelessness and unemployment:

...“We don’t qualify for council tax benefits here or reductions because we work out of Southwark but we employ homeless individuals through Westminster at the charity. So even though we are supporting people in Westminster we don’t get any support from the local authority. We can filter back all of our profits to the charity but because of, political situations, we are paying exorbitant rates that we shouldn’t be paying in Westminster, we are almost being forced to look at new areas”... (Ian; Premier Crew).

So while the 'Big Society' agenda talks about the need to foster 'localism' the reality at local level provides a different picture. While the evidence above suggests that there are some good examples of collaborative partnerships between social enterprises and respective local authorities, such as *New Start* and Bristol City Council. In some constituencies, instead of a constructive mandate to support social enterprises across the

regions, some local authorities actions deter enterprises through their contracting practices and relief mechanisms, as is the case with *Revitalise* and *Premier Crew*.

Arguably, in order to stimulate localism and develop social enterprises, local authorities need to work more closely with social enterprises to deliver services through tax relief efforts and support and advice regarding business and tendering processes (Edwards, Ram & Black, 2003). Addressing such technical issues may help local communities to recover from the recession and support vulnerable people, mitigating against the effects of multiple exclusion issues such as homelessness and unemployment. Finally, there is support for localism from consumers but it comes from an ethical dimension. People want to exercise more control over accountability mechanisms and bring financial institutions and the government to task regarding decisions over the economy. This is an ethical age and people want local goods and produce and hence there seems to be a genuine desire for businesses with a local and ethical dimension.

7.4.3. Reductions in statutory funding to third sector organisations

The evidence collated through analysis of the case studies organisations suggests that due to the ambiguous and complex nature of the homelessness social enterprises under investigation, the relationship with parent organisations places them in a further precarious situation in the current economic and political environment. While coping with the impacts of the recession in commercial terms, enterprises also had to contend with reductions in statutory funding. One social enterprise leader suggests how reduced government funding means that the social enterprise will not have enough funds to operate:

...*"The statutory money has been squeezed really hard. Inspire makes about £50,000 currently out of the contract work, but costs about £100,000 to run"...***(Anthony; Inspire).**

Although cuts in statutory funding are a more recent phenomenon there was an initial 'hit' in terms of economic instability for the organisations and then a further impact regarding a reduction in funding depending on the level of dependence on the parent organisation. Three of the case studies were impacted in this manner; *The Lunchbox* (part of an international organisation working with vulnerable and homeless people), *Inspire* (who operate under a large homelessness organisation in England providing emergency homeless services), and *Revitalise* (part of a wider housing association based in the East Midlands). Cuts in statutory funding have far reaching impacts on those social enterprises embedded in their parent organisation. The *homelessness social enterprise* survey suggests that 39 per cent of social enterprises operating in the homelessness field are still owned by their parent organisation and henceforth receive some form of financial support via statutory funding. This is certainly the case for *Inspire*, who adopt the *WISE* model and rely heavily on statutory funding from their parent body. The social enterprise leader for *Inspire* expressed concern about cost savings initiatives in the wider parent organisation, which could lead to the closure of *Inspire* and other associated work experience and training projects:

...“We are facing cuts of around four million as well as losing Supporting People and The Future Jobs Fund stuff. At one stage there were eighty staff, so that’s about nine per cent of staff on the redeployment list. So there’s a risk in about eighteen months if we continue to lose grants and contracts at the same level that they [parent organisation] might say, well, we can’t do with that one [social enterprise] it’s too big and then in two years, what about these two [social enterprises] and so on”... (Anthony; Inspire).

It is also worth noting that there are further 'knock on' effects in the sector when redundancies occur. Across the case studies, social enterprise leaders expressed concern about losing key staff that had many years of experience in the homelessness field. Such experience includes a unique understanding of the intricate nature of the sector and the individuals who require complex support. These people may be lost to the sector altogether if they are unable to find equivalent work. In addition, the social enterprises not only rely on parent organisations for funding support but also for tangible resources,

such as workshop space. For example, *Green Cycles* and *Media 4 All* (both client-led models of homelessness social enterprise) operate out of an *incubator hub* supported by and associated with a large homelessness organisation. Both enterprises receive ‘free’ workspace. However the manager of the incubator hub explains how the workspace may be taken away in response to financial decisions made by the parent organisation:

...“The issue is that the powers that be might say, ‘right we’ve got to get rid of Newcome Road, it’s an expensive building’, so the space the social enterprises operate out of, for free, will go”...(Leo; Incubator Hub).

Finally, a further impact regarding funding cuts can be found at the local level, concerning local authorities. For example, although *New Start* trade through their distribution business and turn a ‘profit’ they rely on local authority funding *and* contracts to deliver their holistic business model. At the time of writing they were tentatively awaiting new contract agreements with Bristol City Council, which were dependent on decisions made at national level:

...“Bristol City Council has only given us funding for six months at the moment. They are hoping to go from one-year funding agreements to three-year funding agreements. That depends on how government cuts will kick in and what they will be able to do in the scope of their budgets, which could have a hefty impact on us and our plans for growth”...(Caroline; New Start).

If the funding model moves toward the three-year contract this will undoubtedly be positive for *New Start*, who would then be able to use the three-year guarantee to plan in the short to medium-term for the business. However the likelihood of the local authority being able to offer this kind of security in such a turbulent economic period is unlikely.

The data on reductions in statutory funding suggests that there are a number of negative impacts on social enterprises operating in the homelessness sector. The loss of programmes such as *Supporting People* and *The Future Jobs Fund* threaten social enterprises resources. This means that they may not be able to work with vulnerable

people, especially those with multiple support needs and in some instances not meet the social aim of the organisation. Moreover, tangible resources such as workspace were also threatened, which could severely affect the ability of social enterprises to operate. This is a critical issue for those homelessness social enterprises who adopt the *WISE* and *AWET* models for example and are subsequently in close proximity to the parent organisation. Finally, cuts in funding have also impacted the case study organisations in terms of their ability to grow. Instead attention has been diverted towards innovation and diversification - see section 7.5.4 of this Chapter - of organisational structure and products to ensure that the enterprises continue to operate and meet their key objectives.

7.4.4. New policies: the Work Programme: re-fashioning of civil society?

Evidence gathered from across the cases studies outlined two major concerns regarding the Work Programme. First were issues associated with the providers and whether they would simply take on those individuals more 'job ready' to 'tick the boxes' for their contractual arrangements with government, and as such, seek to generate greater profit orientation rather than focusing on meeting their social aim. Butler (2012) suggests this leaves more vulnerable people to 'fend for themselves'. As one social enterprise leader put it "If a contractor⁶⁷ takes on one hundred people and fifty people are given jobs the other fifty people are merely collateral damage... the problem is the Work Programme will cream off the successes of those easiest to work with because the private companies need the quick successes" (**Anthony; Inspire**). There is also a further point about government being able to manipulate unemployment figures. Those taken on through Work Programme initiatives are no longer classed as unemployed. In reality they are still in receipt of benefits but required to participate in work experience to access welfare support. The second issue of concern was around conditionality and the 'tangible' benefits of the scheme as the following evidence highlights:

⁶⁷ A4e, a large government welfare-to-work organisation, is one example of a contracted service provider.

...“A former trainee went on a Work Programme scheme with Boots. She was working seven to eight hours a day and not getting paid for it. The whole idea was to train her and at the end of it there would be a job, but there weren’t any jobs because they were laying people off. It is good to get people into a routine but businesses should do more to offer training and employment, just stacking shelves? That’s slave labour”... (Jessica; The Lunchbox).

And:

...“One of our concerns about the Work Programme was that our clients would get sent on strategy programmes that wouldn’t really help. My concerns about it are how will employers that get involved implement it? Is it just like another ‘oh go and clean up that canal, isn’t that nice’? People have to get something more out of it. They need to feel like they are being invested in and valued as well. I don’t have a problem working for benefits but I think there is a way of bringing people on and especially vulnerable people who can easily revert to their kind of learned behaviour patterns during times of stress and triggers that we don’t even know about”... (Anthony; Inspire).

There is a danger of homelessness social enterprises not delivering on social objectives because of a bureaucratic paradox. The enterprises already deliver Work Programme style services but are required to tender for contracts to do the *same* work under the government programme. A number of the case study partners have been unsuccessful in applying for Work Programme contracts and now have to find a way to deliver their services with reduced statutory funding in an adverse economic climate. Essentially the government is re-fashioning approaches to work by civil society but with a Conservative mandate.

Not only does bureaucracy hamper social enterprise development but the relationship between policy-makers and service providers, also disrupts the dynamics around responsibility and accountability (Finn, 2008). Assigning different types of morality to different types of poverty has long been a tradition of approaches to welfare provision (Glennister, Hills, Piachaud & Webb, 2004). However, conditional approaches to welfare support cannot be used as a substitute for the provision of high-quality supply-side investment in public services (Glennister et al, 2004). Moreover despite the type of welfare to work initiative, whether targeted (conditional) or universal (without conditions), the quality of services available still may not be improved.

Against this backdrop of the 'welfare' market, evidence gathered from this study's interviews and survey suggests that a strong social enterprise sector *already* exists and is addressing the needs of civil society. Therefore, focus from policy makers could focus more on developing supply investments towards social enterprises supporting vulnerable people into work rather than trying to 'shape' a sector that already has a 'working' and focused approach to 'back to work' initiatives. Introducing more structure - such as the Work Programme - could undermine such initiatives, forcing providers to isomorphise and compete against one another for contracts.

The final point regarding the impact of new policies, such as the Work Programme on homelessness social enterprise development concerns their ability to adapt, quickly, to new funding environments. Localised support into work has long been the domain of the third sector but evidence from the case studies shows that where statutory funding has been reduced social enterprises have been forced to apply to the Work Programme to offset their funding losses, some with little success. *Revitalise* applied for Work Programme contracts in light of the huge changes in access to funds for adult learning and training. Originally the organisation used European Social Fund money before accessing support through the Learning and Skills Council. When both of these channels came to an end and the learning and training paradigm moved away from bitesized learning towards more structured work experience and training, *Revitalised* applied to the *Supporting People* initiative to support the enterprise projects. However as

designated funds for *Supporting People* were ‘unringfenced’ the social enterprise leader needed to seek out opportunities within the Work Programme:

...“Many of our social enterprises emerged off the back of the Supporting People programme. The massive, rapid, growth over the last ten years has been supported by the Supporting People agenda, which has recently come to a change. So we’ve broken away from SP (Supporting People) and been looking at local and centralised government stuff on learning difficulties so we’ve moved and changed because without that contract we’d be nothing, we would be supporting nobody”... (Frank; Revitalise).

A key factor in the development of *Revitalise* as a social enterprise has been the ability to respond to fast paced policy changes and diversify their learning and work experience approaches to fit with new funding models. However, at the time of investigation it was not clear whether *Revitalise* was successful in the bid for contracts. The above point elaborates on how the policy environment has changed and the ability of the social enterprise to respond to the changes and still deliver their social objectives.

7.4.5. New policies: legislative pressure

There are two important points emanating from the case studies regarding legislation. First reforms targeted towards small businesses, encompassing social enterprise, which could make it more difficult for organisations to offer flexible modes of employment for people that require additional social support in the workplace; particularly if small businesses are required to offer the same rights and conditions (pensions, healthcare etc.) as bigger private enterprises. Second the detrimental impact of major benefit reforms as referred to in Chapters Two and Six. For example, cuts in existing benefits such as Jobseekers Allowance, Employment and Support Allowance, Income Support and Housing Benefit and streamlining in favour of Universal Credit. All of these elements could see levels of homelessness rise and gaps in social exclusion widen (Crisis, 2011).

Employment and tax law

There are two factors shaping the development of homelessness social enterprises in this context. First they could struggle in business terms if they are squeezed out by unsupportive small business legislation, particularly those that are *not* linked to a parent organisation for support, such as *Premier Crew*, *New Start*, *Media 4 All* and *Green Cycles*. Secondly and as a 'knock on effect' the enterprises may not be able to offer people training, employment or holistic support, which would severely impact their social objectives as an organisation.

Across the case studies, social enterprise leaders reported that they were concerned about government legislation and how changes in employment and tax law could affect their operations. At a deeper level the social enterprises reported considerable concern about upcoming legislation regarding employment legislation such as pension rights, sick pay and annual leave. Furthermore there are issues around the increase in employer national insurance. The increase could mean that social enterprises are forced to make employees fill in complex self-assessment forms as self-employed contractors instead of being on PAYE to save money as the following quote suggests:

...“Changes to legislation are going to impact on us. First is that every organisation by 2015 is going to have to provide pensions for all employees. The second is coming in October (2011) and says that agency staff (after a period of twelve weeks) must have the same rights and conditions as any other member of staff within that organisation. We have also had an increase in employer national insurance. We may have to look at offering people the opportunity to invoice us for sessional work instead of being on PAYE. They have to do a self-employment tax return and for people with chaotic lifestyles to keep records in order to do a self-assessment, well, it’s an absolute disaster”...(Caroline; New Start).

Like other small businesses, social enterprises, in general, do not have the resources to track changes in legislation or importantly to respond to changes effectively through specialist personnel for example. Unless embedded in a parent organisation, many homelessness social enterprises do not have access to human resource departments. While evidence collated from the social enterprises leaders suggested that from a moral and fairness perspective they aspire to equal rights and privileges for all employees, from a *practical* perspective they reported that paying out more and drawing on vital reserves to achieve such ends could harm the flexibility of the business and even impact on competitive abilities. Indeed, an emphasis on *practical* considerations presented major factors in the development of homelessness social enterprises particularly in terms of the influence on decision-making. As the social enterprise leader for *New Start* suggests the pay structure may have to be changed, which could influence heavily decisions regarding the people they take on to work in the social enterprise. Essentially, they might be more likely to employ those who will be more 'adept' than others to complete complex forms.

Business licences and permits

Social enterprise leaders also reported concerns about the impacts of government legislation on their parent organisations and what that might entail for the associated social enterprise. For example, the social enterprise leader at *Media 4 All* frequently criticised the bureaucracy and costs associated with licences and permits to operate as a viable computer-recycling centre. The social enterprise could not afford the documentation and nor could the parent body. But computer donations continued to be delivered to the charity. Therefore the enterprise is trapped in a situation where they have donations and are technically able to do the work but lack the legal documentation to do so, as Andrew explains:

*...“There is a lot of red tape that prevents us from being a computer recycling business. We cannot afford to get the collectors licence, which is £200 and then there’s the WEE permits, which cost around £800. We are putting ourselves and our business and our careers on the line to get computers for the clients. We asked the charity for help but we did not get it. It is the thing that brings clients here and effectively pays wages further up the line. It’s a small thing to them [the charity] but a big thing to me, we could be fined”...**(Andrew; Media 4 All)**.*

Although there was widespread concern amongst the case studies about the negative impacts of current and new legislation the social enterprise leader at *The Lunchbox*, was keen to point out the positive influence that environmental health and food safety legislation can have on business operations:

*...“Environmental health and food safety has given us a real focus but that is a positive because although it’s a sort of a fear of them just turning up, it’s imposed for the right reasons. Whenever we do our training we say it is important not just because of environmental health but also because of our customers. If we lose our five stars and slip back to three or four it does affect your sales and business”...**(Jessica; The Lunchbox)**.*

It may seem obvious that environmental health and food safety would be a key priority for any establishment working with food. However, for social enterprises working with vulnerable people there is also the question of dealing with the views of the general public regarding food safety and cleanliness of staff. In this context displaying a five star food standard and health and hygiene rating, as *The Lunchbox* do, recognised through a government agency, helps to challenge negative public assumptions and stereotypes around homeless people.

Welfare reform: housing benefit, incapacity support and supporting people

As well as problems regarding the potential impacts of new policies on homelessness social enterprises operating activities there were also concerns across the case studies regarding changes in welfare support. As discussed in Chapter Five (see section 5.3.3) the current benefits system is too complex, the information regarding how to access and use them is often mis-communicated by Job Centre staff and currently benefit levels pay more than many low skilled labour market jobs. A reduction in welfare support coupled with disrupted employment histories and lack of formal qualifications - as well as a myriad of other labour market exclusion issues discussed in Chapter Five - sets a difficult landscape for vulnerable people trying to access work and training. Annabelle from *United Cafes* addresses these issues:

...“The challenges around bureaucracy and government policy are about how we can get them [the trainees] into employment where it doesn’t affect their benefits but this will take time. But if you are on incapacity benefit, or just landed in the country and your English language level is poor and you don’t have a national insurance number the reality is you are not going to get into work. I think the government has a responsibility to make sure they support social enterprise to help get people back into work and for other community projects to help deliver that”...(Annabelle; United Cafes).

Essentially there is little incentive for people to move from benefits into work. The problem is compounded within the family context, where a ‘culture’ may have started to embed in families where there is generational unemployment and a loss of confidence. People may feel that they do not have the skills or capabilities to work. While changes in the Welfare Reform Act seek to debunk these issues and streamline benefits, the reduction in the amount paid out in terms of housing support and incapacity payments may only worsen the situation for deeply excluded and long-term unemployed people.

The second issue regarding new policies around welfare support and the end to some of the essential funding put aside to support vulnerable people, such as the *Supporting People* initiative, means that there is less money to support the parent organisations of some of the homelessness social enterprises. For example, three case studies, *Revitalise*, *The Lunchbox* and *Inspire*, are all supported by parent organisations. They (apart from *Inspire*) rely partly on housing benefit to support people in their hostel's and social rented properties. As the social enterprise leader for *The Lunchbox* explains, funding of this nature is critical to the housing element of the host charity:

...“Funding and Supporting People is basically what underpins the resettlement centre and we are coping with the government policies, which will cut Supporting People and the changes to housing benefit. At the moment up to age 25 the housing benefit is really based on shared accommodation which if you have got people that have got issues it is difficult sometimes for them to deal with shared accommodation. We don't know how it is going to work yet but I imagine we are going to have a jam really where people are coming in and not wanting to go out because they can't afford to get a place”... (Jessica; The Lunchbox).

Not only will the reduction in housing benefit potentially impact the living conditions of the client, it could also encourage the 'warehousing' effect (as previously discussed in section 7.3) where there is an increase in people coming in due to homelessness but not enough people moving on and into mainstream employment due to lack of jobs and unaffordable accommodation. Moreover, from the social enterprise perspective they may be forced to break away from the parent organisation to buffer the monetary effects that will impact the parent. However the enterprise may not yet have the capacity to operate independently. This leaves all parties in a precarious situation and the possibility of the enterprise not being able to meet their social aims.

Until new policy changes have time to bed-in it is difficult to come to a clear conclusion regarding the impacts shaping the development of homelessness social enterprises. However some initial insights can be made. Across the case studies legislative pressure was a critical point of discussion and considerable concerns were raised about how

employment, tax and benefit changes would impact the operating mechanisms and wider support activities of the social enterprises. Beneath the complexities associated with the more *practical* elements of new policies other issues around legislative pressure on parent organisations and the ‘trickle down’ effects on social enterprises and ultimately employees/trainees was also highlighted. In spite of such concerns there was recognition by some case study partners - *The Lunchbox*, in particular - that legislative pressure can be a positive force in the life of the social enterprise when referring to health and safety procedures while working with vulnerable people for example.

7.5 Endogenous Social Factors Influencing the Development of Homelessness Social Enterprises

The discussion thus far has concentrated on the exogenous factors, which shape the development of homelessness social enterprises. The following analysis, however, examines the endogenous, social, elements concerning the development of the social enterprise’ goals, strategies and environment. First the issue of definitional confusion is briefly explored again. Although brief, the issue is pertinent to the development of social enterprises in the homelessness field as they struggle to identify themselves as either not-for-profit organisations or not-for-*private* profit entities. This ‘identity struggle’ promotes moral dilemmas, hinders their goal orientation and promotes confused public messages regarding what they do and how they do it.

A number of development strategies are also uncovered, which promote the development of the social enterprises. First through appointing - purposefully or otherwise - socially entrepreneurial employees, that are adept at identifying new opportunities with constrained resources to promote enterprise development. Second, networks of support are considered (see table 7.1) as key strategies to support, protect and aid development of homelessness social enterprises. Moreover, strategies related to innovation and diversification are also considered as critical components for effective enterprise development, particularly to buffer against exogenous threats such as reductions in funding, for example. Finally, staff composition related to team dynamics is

explored as a crucial factor shaping the environment of social enterprises in the homelessness field seeking to replicate the mainstream labour market.

7.5.1. Definitional confusion

Definitional confusion is a theme that surfaces at various points across the thesis, but in different contexts. First appearing in Chapter Three (see section 3.2.3) in key academic and political debates and then in Chapter Six (see section 6.2.1) as a central characteristic associated with the social enterprise paradigm, and features later, in Chapter Eight (see section 8.2.1.) concerning the relative advantages and disadvantages of different models of social enterprise. The following discussion builds on the conversation in Chapter Three (see section 3.2.3), which started to unpack definitional concerns about what constitutes (i.e. legal and socio-economic formations) a social enterprise. This has wider implications, in the following context, concerning the need for social enterprise' to have to balance two fundamentally opposed objectives, the social and the economic. Jessica, from *The Lunchbox*, illustrates the issue:

*...“I mean really it’s primarily it’s a business but it’s a business with social objectives alongside the business objectives so, you wouldn’t normally put those two together. It’s always a balance because if you haven’t got a strong business then you’re not going to meet your social objectives but you can’t push the business at the expense of the social objectives. The social comes first; Jerry from Create [homelessness social enterprise] said to me, “Why aren’t you taking on Greggs? And why aren’t you expanding?” and it was that, it is all about our clients, it doesn’t seem right to focus on profit first”...(Jessica, *The Lunchbox*).*

The evidence gathered from across the case studies organisations suggests that a critical concern facing social enterprises in the homelessness field is that they are required to negotiate the moral discourses underpinning the social and economic objectives, which are noticeably conflicting. This evidence is supported by Teasdale’s (2012:5) theoretical and empirical work, which proposes “social enterprises face an inherent tension between social and economic objectives”. With the former lending itself to concerns regarding

communitarianism and reciprocity and the latter to neo-liberal and individualistic tendencies about the meaning of enterprise (Freidman, 1970) and how people should help themselves. This element could hinder the development of social enterprises in the homelessness field if there is a moral dilemma associated with a need to balance economic and social objectives, which in turn, prompts little focus on the critical need for capital and hence constrains sustainability and the opportunity of growth. This concern is more apparent in those organisations embedded in third sector organisations due to their historical positionality in the not-for-profit sector.

The second theme concerning definitional confusion is related to social enterprises and public perceptions. There was a feeling among the social enterprise leaders that poor public perception of social enterprises exists. This is caused by 'identity struggles' (see Chapter 6, section 6.2.1.), which not only hinders goal orientation but also promotes confused messages regarding what social enterprises do and how they do it (Teasdale, 2010b). Again this is a factor that could impede the development of social enterprises that rely on their social mission to encourage customers to buy their product(s) or service(s). However although the social enterprise leaders experienced poor public image, interestingly, the trainees/employees felt that social enterprise could be a way to challenge people's perceptions of homelessness. These problems in defining what constitutes a social enterprise constrain their development. They need to be understood in their entirety through the spectrum of both the social and economic elements that they inhabit.

7.5.2 The 'traditional' and the 'accidental' social entrepreneur

The backgrounds of the social enterprise leaders varied. Some had been restaurant managers, estate agents, musicians and music and event producers and others had a local authority and 'traditional' third sector organisation background. Most had experience in the private sector, some had been self-employed and several people had experiences of starting up and managing businesses in the private sector. None of the leaders had been involved in social enterprise previously but all of them had raised

money for charity and/or worked with vulnerable people in some kind of third sector capacity. But binding them are the characteristics that make them social entrepreneurs.

Whether the social enterprise leaders described themselves as social entrepreneurs or not, it was clear from the interviews and participatory observations that all leaders demonstrated social entrepreneurial characteristics and, as such, were a distinct feature in the development of the enterprises. As documented in Chapter Three (see section 3.2.7), 'Social entrepreneurs' are motivated by a combination of financial and social objectives. While 'profit' is important it is not the sole goal of a 'social entrepreneur', rather the way in which the 'profit' is earned and reinvested in the social aim of the organisation holds more value. Moreover, 'social entrepreneurs' are characterised by developing earned income strategies that are directly attached to their social aim (Boschee & McClurg, 2003); for example, employing homeless people.

The majority of the social enterprise leaders did not describe themselves as social entrepreneurs. However, some did and they seemed to view themselves in a sense as 'traditional' social entrepreneurs as opposed to business entrepreneurs. As referenced in Chapter Three, the social enterprise leaders demonstrated the key characteristics according to Dees et al. (2001) typology of 'traditional' social entrepreneurs. They all verified a mission to create and sustain social value within their enterprise; they were focused on continually identifying new opportunities to innovate to meet their social aim(s), particularly in terms of new ways to employ or 'wage' homeless people; they were engaged in a process of modification and learning to support their mission; they made bold decisions without letting restricted resources hold them back; and they demonstrated a clear sense of accountability to the vulnerable people and the communities they work with. The social enterprise leaders from *Revitalise* and *Media 4 All* illustrate these characteristics well:

...“I find that the most interesting bit. Is the setting up the new stuff, the problem solving, the opportunity grasping, working with the trainees, finding new ways to do stuff with little money, you know”... (Frank; Revitalise).

And:

...“He’s very good at getting linkage. I mean he is probably a better networker than me I think. He’s sort of got amazing links because of the universities and he gets loads of volunteers coming from the universities, graduates, yeah. He’s very good at that and he’s very resourceful and you know, he cares about the trainees”... (David; Incubator hub on Anthony, Media 4 ALL).

The literature on social entrepreneurs suggests that the characteristics mentioned above have the potential to draw a rather idealistic picture of the social entrepreneurs. However, these characteristics were all featured in the interviews with the leaders and as Dees (1998) suggests only the ‘true’ social entrepreneur would display such character traits. However it is felt that Dees et al (2001) typology of social entrepreneur characteristics does not go far enough to explain some of the more embedded traits that social enterprise leaders display, particularly in the homelessness sector. Due to the complex organisational and legal structures, and financial arrangements of social enterprises, which were presented in Chapter Six, leaders need to be especially adept at identifying income streams such as the use of internal markets (see section 7.5.4) and securing funding (essential to start-up and future independence). Moreover their ability to concentrate on choosing the right ‘mix’ of employees and developing team dynamics with tight procedures and little hierarchy was also integral in the shaping of the social enterprises (see section 7.5.5.).

Although all of the social enterprise leaders interviewed *displayed* ‘traditional’ social entrepreneurial characteristics only four out of twelve *viewed* themselves as such. Where respondents did ‘self identify’ there were strong and clear references to their entrepreneurial uniqueness as the following quote suggests:

...“I got through to the ‘Social Entrepreneur of the Year’ awards and I got down to the final three. It was really nice to be recognised for the work I have done and helped to make more contacts. I am doing a degree in Social Entrepreneurialism and I share ideas with other students and this helps me to innovate and bring other ideas into the business. Every opportunity you get to use people’s resources you have to grab with both hands and keep on track with those relationships. Inviting them down and constantly building networks to get our clients into work. You have to have that skill as a social entrepreneur. If you don’t have that in your team you had better make sure someone has it”...(Annabelle; United Cafes).

The leaders who did not describe themselves as ‘traditional’ social entrepreneurs appeared to be ‘accidental’ social entrepreneurs who, “just fell into it” (Anthony; Inspire). They did not see themselves as either “social entrepreneurs or business people” (Jessica; The Lunchbox) despite demonstrating all of the character traits of a ‘traditional’ social entrepreneur. Rather they referred to themselves as “delivering a project with a social mission” (Jessica; The Lunchbox). Even when firmly established in their roles the majority of the social enterprise leaders still did not recognise themselves as social entrepreneurs. The evidence suggests that the majority of the leaders were ‘accidental’ social entrepreneurs who ‘fell into’ the role rather than seeking employment specifically as a social entrepreneur.

A further interesting point regarding social entrepreneurialism and the development of homelessness social enterprises was the extent to which enterprises and host organisations deliberately sought to employ people with entrepreneurial characteristics and/or identified individuals in other areas of the organisation. The evidence is rather nuanced. Most leaders, except for those who set up their own social enterprise, were recruited by host organisations with entrepreneurial skills and business knowledge in mind but *also* they were required to have experience of the third sector and associated funding streams/programmes. A strong social conscience also appeared high on the list of attributes, as one would expect. This suggests that it is a rather unique person with quite a specific skills set that is required to run a social enterprise to positively enhance its development.

There is also a broader point here about the 'spirit' of entrepreneurialism already being present in parent (third sector) organisations. One could argue that they need to be entrepreneurial in their approach to survive income uncertainties for example. Therefore, it would seem that third sector organisations are not so fundamentally opposed to the idea of having some affiliation with characteristics (such as profit motivation) usually found in the territory of the private sector because they are consciously employing individuals with entrepreneurial traits even if the organisation and the 'accidental' social entrepreneur do not view themselves as such.

The final point regarding the relevance of the social entrepreneur to shaping the development of social enterprises in the homelessness field was found with homeless people themselves. Across the interviews both leaders and employees/trainees recognised homeless people as being or having the potential to be social entrepreneurs. This corresponds with wider evidence published by Crisis' Ethical Enterprise and Employment Network (3xE) in terms of encouraging the growth of homeless entrepreneurs (Crisis, 2010). The following evidence builds on this point:

*...“Our former senior crew chief was an ex rough sleeper and his attention to detail, his determination, his resolve to get through absolutely anything that was thrown at him on site, came from being a rough sleeper. He worked for us for three and half years and then worked freelance as a lighting technician all over the world”...**(Ian; Premier Crew)**.*

*...“When you set up a business you got to be strong and hard headed and know what you want to achieve. Have clear goals and set clear goals but not big ones, you don't want to take big steps you want to take small steps and get the foundations correct first and then you can possibly go on from the basis of the concrete foundations and then go on a little bit. But you must get the groundwork done first. It's a bit like getting off the street and I think that's what part of my time surviving on the street has done, helped with running the business”...**(Fred; Green Cycles)**.*

And surviving homelessness facilitates:

...“Independent thinking and tenacity, the ability to make bold decisions without letting restricted resources hold them back and ‘living’ with few resources and learning to cope in a hostile environment”... (David; Incubator Hub).

...“People with a homeless background are a unique and not a run of the mill bunch, you know?”... (Fred; Green Cycles).

The above situations and consequent experiences were argued by respondents to prepare them with the skills to run a social enterprise. Indeed the majority of the homeless people interviewed expressed a desire to move on from the social enterprise and set up their own businesses, with a mutual element, or to come back and volunteer for the social enterprise. This finding suggests that homeless people seeking out collectivised or mutualised businesses together, will not only, hopefully, build their careers but also provide much needed social support networks ensuring that the business is successful and individuals requiring additional support are buoyed. The *incubator hub* approach to homelessness social enterprise is particularly well placed to deliver this model.

However, the responses provided by the participants above - both homeless and otherwise - provide only superficial accounts of cause and effect variables without consideration of other intervening mechanisms across the individual's life. For example, Ian suggests that because one of his trainees spent time sleeping rough, he developed a determined attitude to 'get off' the street and therefore this would allow him to go on to a successful professional career. Or as David points out, having limited resources prompted his trainee to develop independent thinking and tenacity, and therefore demonstrate some of the characteristics associated with social entrepreneurialism. But these accounts neglect other mechanisms - such as the influence of positive role models in youth with entrepreneurial style traits and/or engagement with government back to work and social support programmes, which focus on independent living for example.

The respondents *prior* to homelessness could have experienced these mechanisms. As such this challenges the cause and effect explanation offered and instead offers an account based on other contextual conditions (Sayer, 2000).

The 'reality' is the experience of homelessness is 'modest' training to work in or start-up a social enterprise. It is important to remember that everyone has skills and attributes to offer in the workplace and homelessness does not *always* imply that there is no work history and even where there is, personal character traits and experiences are also integral to 'success' in the workplace. So while this does not discount the distinctive capabilities that the respondents with homeless backgrounds displayed, neither is it possible to suggest that the experience of being homeless means that someone can become a social entrepreneur. Notwithstanding these issues of an approximate reality the research evidence presents social entrepreneurs, whether 'traditional' or 'accidental' as a distinct feature in the shaping and development of the case studies associated with this study.

7.5.3. Networks: institutional, professional and social enterprise specific

The case study organisations were highly networked, across all sectors, public, private and third sector. This afforded them the advantage of being made aware of possible contract and funding opportunities, important market information and access to key professionals and knowledge sharing. Overall the social enterprise leaders demonstrated participation in a large number of networks. Ranging from overt involvement with voluntary sector support groups around homelessness, substance mis-use and preventing reoffending. The social enterprise leaders also used their own personal networks (from previous employment) with local government departments and association with national and European initiatives to draw on advice and apply for funding opportunities. Drawing on the evidence from across the case studies, networks were an essential factor determining the growth and sustainability of social enterprises operating in the homelessness sector.

In order to distinguish the types of networks employed by the social enterprises, the Rhodes Model⁶⁸ (1997: 38), which has been enhanced and developed by the researcher for the purposes of this study, has been adopted. The Rhodes (1997) model considers the intricacies of the channels of formal and informal nature that exist regarding the membership of networks.

Table 7.1. The Rhodes Model of Types of Networks

Types of Network:	Characteristics of Network:
<i>Institutional networks</i>	Fluctuating membership, limited vertical interdependence, serves interest of producer.
<i>Policy community/territorial community</i>	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation.
<i>Professional network</i>	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation, serves interest of profession.
<i>Intergovernmental network</i>	Limited membership, limited vertical interdependence, and extensive horizontal articulation.
<i>Producer network</i>	Fluctuating membership, limited vertical interdependence, serves interest of producer.
<i>Issue network</i>	Unstable, large number of members, limited vertical interdependence.

Institutional networks

The overall stakeholder count, as described here at the time of fieldwork, was being constantly adjusted, added to and discarded where stakeholders and networks were not seen to be ‘adding value’ to the organisation or where the needs of the enterprise changed. Social enterprise leaders reported building networks with local⁶⁹, regional⁷⁰, national⁷¹ and European institutions⁷² to build knowledge and awareness of common standards, funding initiatives and information about how to implement legislation as Frank from *Revitalise* suggests:

⁶⁸ For the purpose of this study both formal and informal networks have been considered and appear in the analysis.

⁶⁹ Local government departments/agencies.

⁷⁰ Primary Care Trusts (PCT).

⁷¹ Central government.

⁷² European Commission and European Parliament.

...“Revitalise work with all sorts, PCT, crime and disorder partnerships, the local constabulary, local government, wider government, national government, European initiatives, educational establishments [Universities], it’s numerous really. I work very closely with a lot of other support agencies. I could give you a stakeholder list and it would be like that one hundred and fifty to two hundred organisations that we are involved with at any one time for whatever reason”...(Frank; Revitalise).

Evidence across the case studies also indicated that the social enterprises operate across both the *policy community/territorial community* and *intergovernmental* networks. The social enterprises belonged to these networks to exchange resources but also due to other colleagues’ associations with the network(s). It was also the case that the enterprises joined certain networks to seek assistance with particular problems and legislative issues. This is a critical finding, as it highlights that there is a networked social economy in the homelessness field. For example *New Start* joined a Small Business network in Bath to monitor developments in forthcoming enterprise and internal market legislation. This element was a crucial factor in the development of the social enterprises particularly as case partners did not have the time or resources to spend monitoring policy developments. The situation has become more acute since the abolition of England’s Regional Offices with their European affiliates in Brussels; policy influence and tracking has become even more troublesome for small and medium sized enterprises.

Although the social enterprises associations with *policy community/territorial community* and *intergovernmental* networks were plentiful they were not strong. However, relaxed involvement with the network(s) was a positive element in the shaping of the social enterprises. The loose affiliations provided further opportunities to seek out other networks and tap into new resources.

Professional networks

The *professional* networks that the case partners were involved with enabled vertical interdependence across the third sector with other homeless organisations such as, Crisis, Shelter, St Mungo's and Thames Reach. This provided opportunities for information sharing about examples of 'good practice'. For example, the *Incubator Hub* was able to seek advice from *Bikeworks* (located at the organisation, Crisis) to assist with their coaching advice to *Green Cycles*:

...“They [Bikeworks] were saying that the way to do it is to help foster the relationships between the key workers and hostels and the social enterprise [Green Cycles] and not having everything coming through me in the beginning stages, so you know, you have a constant stream of trainees coming through and less stress for the manager. Also they said about giving them a free bike at the end of the programme if they complete the programme, as a kind of incentive”... (Leo; Incubator Hub).

Premier Crew, also used the expertise and guidance of a leading event and crewing company based in London and across Europe, during the start-up phase of their business:

...“They [support organisation] arranged a meeting with the crewing firm and they sort of got the concept together. The concept was to start doing a two-hour call out in London. At the time, no one in the market was doing that, so they [crewing firm] said you could clean up here, if you really get it right, there's a lot of work for you. We'll [crewing firm] train the guys, we'll train you, you can come and work with us for a month, so we'll show you how it all works and how to manage a crewing company and give us your guys, we'll put them through a couple of weeks, put them through their placements out on site and we'll give you your first five clients and a list of numbers to get you started”... (Ian; Premier Crew).

Furthermore, another finding suggests that the case study organisations use of professional networks enabled them to seek out resources that the enterprises lacked and draw on people's goodwill to assist enterprise' development where possible. For

example, *United Cafes* partnership with Benugo Bar and Kitchen opened up new commercial awareness for the social enterprise leader and a renewed vigour with which to implement a number of Cafes Supremo's across the country with recent openings in Oxford (2012) and re-opening of Newcastle (forthcoming):

...“What has been great for me is to have Benugo on board. I can use them as support to go to the charity [host organisation] to say what resources I need [bigger, better equipped kitchen for example]. I can say what we need and why we need it. Like a package about how we will break even for example. So that has become a lot more powerful, especially now the Chief Executive is involved”... (Annabelle; United Cafes).

A further finding indicates that case partners also used professional networks to branch out to the private sector to employ the use of high-end retailers (Harvey Nicholls) building contractors (Quinn's), management consultants (KPMG), architects and accountants amongst others, to assist homeless people back into work by encouraging them to take on homeless people as trainees. This was most prevalent in organisations adopting *WISE* and *AWET* social enterprise models that do not offer paid employment opportunities). Anthony from *Inspire* explains:

...“So with Inspire we've got relationships with Quinn's the builders, who take a lot of the people on for work. With the gardening project, we haven't got a godfather company like that but we're hoping to re-establish with people like The Eden Project and Kew Gardens who could provide work experience and eventual employment”... (Anthony; Inspire).

Finally there are the *community* and *issue* networks, which the social enterprises are involved with. Not only do they serve to address particular social and environmental problems such as climate change they foster the 'spirit' of building local community links - thus feeding into the 'new localism' agenda referred to earlier in the chapter (see section 7.4.2.) - as the following quote suggests:

...“The Bike Club works with Cycling for Health, with Ride Wise, with Sustrans, with the University because they are the fore ones involved with cycling in the local community. You know it tends to be specific for what is going on for the different social enterprises really”...(Frank; Revitalise).

Social enterprise specific networks

Perhaps the most surprising aspect of the data on networks was the largely negative feedback regarding large *social enterprise specific* networks. These networks are related to Social Enterprise UK (SEUK), Social Enterprise London (SEL) and other regional support bodies such as Social Enterprise East Midlands (SEEM) and RISE (Social Enterprise South West) as the following evidence illustrates:

...“We have some contact with Social Enterprise London but they didn’t seem to be able to offer much really. A lot of organisations are very third sector orientated, lots of seminars on how to market yourselves and how to write a business plan and it’s just like, ‘look I’m sorry’ but we are way past that, I’ve got some serious issues that I need to discuss with someone, if you want to support us, we need business mentors, I don’t need seminars on how to write a press release’. I think it’s still very valuable what those organisations are doing, but we’ve not found much value or use in them. Social Enterprise Coalition, again kind of helpful, but I’ve always felt that there’s a bit of a clique involved. There’s a sense of pride in those organisations that they are kind of, at the forefront. I’m often made to feel that I should be grateful for their input and I beg to differ”...(Ian; Premier Crew)

...“We go to enough things, where people kind of stand at the front and preach a bit, you know, SEEM⁷³ or SEUK⁷⁴, there's lots and lots out there, lots of these people, you go to these conferences and you think it sounds good, but what they say often doesn’t work in practice, not for us anyway”...(Frank; Revitalise).

⁷³ Social Enterprise East Midlands (SEEM)

⁷⁴ Social Enterprise UK (SEUK)

And:

...“I did a training course with them [Social Enterprise London] and it was awful. They said it was for experienced social enterprise managers. There were one or two on the course, but we weren’t allowed to talk, we were talked at by somebody who was less experienced than I was”...(Anthony; Inspire).

Due to the complex nature of social enterprises it was anticipated by the researcher that any opportunity to network and join a group of organisations that understood explicitly the challenges facing social enterprises would be welcomed. However, after initial engagement by the social enterprise leader’s with the large social enterprise bodies and networks it was apparent that only the smaller, social enterprise specific networks such as Crisis Ethical Enterprise and Employment Network (3XE)⁷⁵ and UnLtd (a charity supporting social entrepreneurs) were respected. In a sense the social enterprise leaders expressed quite a high degree of hostility towards issue specific social enterprise networks, although this varied as the above evidence suggests. There is almost a ‘class divide’ between those ‘talking up’ social enterprise, such as the support bodies, and those actually ‘doing’ social enterprise.

Social enterprise leaders reported on how they found some of the Networks ‘useless’ and did not see their ‘relevance’ or understand what the point of them was. There was general confusion about the point of the different networks as one social enterprise leader pointed out “there are several of these things and they are all trying to get a little bit of the market and they have slightly different orientation, but I’ve never been clear on what that is or how it would help us”...(Anthony; Inspire). The leaders also felt that due to the small size of their operation they did not feel *relevant* enough to the larger networks and therefore being a member of a ‘club’ did not bring anything extra for them. Moreover, the overall consensus was that the organisations and the associated networks were too third sector orientated and that they did not pay enough attention to the

⁷⁵ Disbanded at the time of writing August 2012.

private sector and the opportunities for networking in that sphere. This could have a lot to do with the identity confusion associated with social enterprises as discussed in Chapter 6 (see section 6.2.1.). Clearly there is not enough focus on investment and commercial opportunities. Although the social enterprise leaders did not view *social enterprise specific* networks as helpful, being involved with the networks and support bodies was not a limiting factor regarding the development of the social enterprises.

With these points in mind perhaps a space exists to develop a more democratic and federal spirit amongst social enterprises represented as mutual and cooperative organisations. In this context it is a difference between old mutualism and new, the trade union movement informing much of the former - e.g. The Club and Institute Union (CIU) and Trade Councils - against the backdrop of strong centralised democratic structures. In the present new mutualism is top-down rather than bottom-up as neither Social Enterprise London or the Social Enterprise Coalition have emerged from the grass roots.

The final point associated with *social enterprise specific* networks and support bodies is the social enterprise kite mark, which is designed to identify businesses that meet a specific set of criteria for social businesses (Teasdale, 2010b; Social Enterprise Mark, 2010). It was anticipated by the researcher that the case study organisations would all have the kite mark or would be making plans to become approved to increase the 'credibility' of their brand. This was not the case, only *Premier Crew* has obtained the kite mark. However the leader did not particularly view the mark or its associated networks as a positive attribute for the profile of the social enterprise:

...“I’m not sure that there’s much business sense in it [social enterprise kite mark], we are not really getting much out of it and we certainly don’t get any kind of profile out of it. There’s no sort of marketing advantage to it. We’re not really held in particular high regard by any of those organisations [social enterprise support organisations] and that’s not to do with arrogance, that’s just, we’re not. It’s not like we are a member and there’s a real kind of acknowledgement of the work we are doing and they’re excited about it, we’re just another member. We go on the list of members and I get a newsletter once a month, just about all this stuff that has nothing to do with us”... (Ian; Premier Crew).

The other social enterprise leaders thought that if they had the mark it would have little bearing on sales increases and was just ‘extra’ paperwork to contend with in an already over-bureaucratic sector, particularly for those attached to parent organisations. The kite mark can be quite exclusionary, particularly in the wider social economy. It excludes many co-operatives who pay out more than half of their profits as dividends and social businesses that do not have an asset lock to stop assets from being used for private profit. Some community organisations are also affected if they derive less than half their income through trading (Teasdale, 2010b; Social Enterprise Mark, 2010). This could also explain the poor take up of the kite mark amongst homelessness social enterprises in general.

In summary, the case study organisations use a number of networks to maintain and further the development of homelessness social enterprises. For example, using *professional* networks to acquire industry knowledge, learn from examples of good practice and develop partnering opportunities with private enterprises to provide paid employment [where the homelessness social enterprise is not able to] for homeless people. Social enterprise leaders also attributed value to being accredited and associated with professional organisations such as City and Guilds, to train and accredit their trainees, and the Production Services Association (PSA) for example to build up a reliable and professional reputations in their chosen industries. This is not to say that other networks, such as *institutional*, *issue* and *social enterprise specific* networks do not add

value but perhaps due to time and resource limitations the enterprises focus on the relationships that are most helpful in shaping the future of their enterprises.

7.5.4. *Innovation and diversification*

Building on the discussion in Chapter Three (see section 3.2.8.) it is clear that the case study organisations followed innovative and diverse business practices to meet their social objectives. The homelessness social enterprises sought “the generation *and* the exploitation of new products, processes, services and organisational practices (Pittaway et al, 2004:144) to adapt to new conditions or to meet needs in different, more effective ways. As was discussed in Chapter Three there is a strong narrative within the academic literature about social enterprises being *inherently* innovative, allowing them to adapt to new conditions (economic, political, social and cultural for example) and to meet the varying needs of their customers and ‘client’ group more efficiently.

Despite the fact that innovation is frequently quoted as an intrinsic characteristic of social enterprises little empirical attention has been focused on the distinct drivers, patterns and inhibitors of the innovation process in the social economy (Mulgan et al, 2007). Innovation of the homelessness social enterprises products and services happened across the various systems of the economy. This is in keeping with what Burt (2004) refers to in the literature as the flourishing of innovation at the intersections of private, public and third sectors. This has provided useful insights into how drivers and common barriers that characterise innovation within homelessness social enterprises. Due to time and space constraints the following discussion does not aim to address this knowledge gap exhaustively but it does begin to point out how responses to innovation occurred and the consequent shaping of the homelessness social enterprises along the way.

Diversification into new ‘internal’ markets was an intrinsic factor associated with the development of the social enterprises. Both *Revitalise* and *Inspire* were able to increase revenue by establishing new services (catering and painting and decorating for example) in existing markets in the wider sphere of host organisations. Due to the competitive tender process, bias surrounding contracting was not an issue. Moreover, the social

enterprises were afforded the opportunity to mimic practices in mainstream industry. Diversification to new areas and opening up satellite offices was also a key driver of growth. At the time of fieldwork, *United Cafes* (London) was ready to open up a new Café in Oxford and had plans to renovate an existing site in Newcastle, while *Premier Crew* were looking at the possibility of entering into markets in the West Midlands and the North West. Two common challenges facing the social enterprises, however, were the suitability of the premises and locations, a customer base and the availability of homeless people, particularly those *not* considered to have multiple exclusion problems. Without a viable market, appropriate premises and 'suitable' employees/trainees it would be difficult for the social enterprise to operate in its entirety somewhere else, although that is not to say it is not possible as the *United Cafés* have proved.

A further key driver of innovation was insecure funding streams and reduced statutory funding available to social enterprises, which were examined in detail earlier in the Chapter (see sections 7.3 and 7.4.3). Essentially several of the case partners were prompted to 'innovate to survive'. As such social enterprise leaders talked consistently about the need and use of 'creative' and 'quality' products to fend off competition, especially in the over-saturated catering market. Also 'unique selling points' (USP) were referenced with some leaders referring to their social mission as the USP and others about their product(s) and trading activities. There was recognition among the social enterprise leaders that marketing the social enterprise through the USP and relying on customer 'loyalty' alone was not enough, particularly during a recession where people are looking to make savings.

In order to guard against the economic downturn *New Start* decided to 'buddy up' with smaller distribution organisations to save on cost, thereby redressing the effects of the reduction in statutory funding and ensuring repeat business. Also, the social enterprise leader decided to focus their distribution contracts on low income areas, where Royal Mail are unable to deliver because they require full post codes. This type of diversification has far reaching effects on the local economy too, not only does *New Start* help themselves but by 'buddying' up they are also ensuring that other small and medium sized organisations have the opportunity to keep operating and reduce their overheads.

Moreover, the homeless employees had the opportunity to either work in their local area or branch out and get to know new areas of the city encouraging the development of social capital. This presents a multiplier effect of attracting income and multiplying it in deprived neighbourhoods. Such an approach creates 'virtuous cycles', thus challenging some of the barriers associated with labour market exclusion.

The final factor associated with the development of homelessness social enterprises is the trend in the data for mainstream (private business) thinking around innovation and diversification. Although this is mostly linked to models that are closer to private enterprise principles, such as *profit-focused*, *employment* and *hybrid models*, social enterprise leaders identified opportunities in their markets and diversified their business practices to respond to market pressures in keeping with private enterprise approaches. The crucial point here is whether the entrepreneurs were driven by the social or the economic objective and whether the social enterprise leaders desired to do something social or something enterprising.

In general the respondents were spurred by the desire to achieve social outcomes for the enterprises, however, crucially, there was a strong realisation amongst the leaders that without a clear focus on profit they may not be able to deliver on social objectives. This theory was only tested with social enterprises at opposite ends of the social enterprise spectrum. For example, social enterprises adopting the *profit-led* model such as *Premier Crew*, spoke of the importance of innovation and diversification to promote profit and drive the business forward, whereas, *The Lunchbox*, which adopts the *AWET* model and is therefore protected by a host organisation, was more concerned about innovation in terms of solidifying the place of the enterprise in the industry to meet social outcomes.

7.5.5. Team dynamics

At the heart of the factors shaping the development of social enterprises operating in the homelessness field is team dynamics. The ability of the social enterprise leaders to select people with key attributes and capabilities to form a formidable team was critical in shaping the organisational structure and working environment of the social enterprises.

This is much the same as would be found in small and medium sized enterprises and larger businesses in general and therefore is a key element in the matrix of replicating the mainstream labour market. However what sets the homelessness social enterprises apart from mainstream businesses is their ability to combine commercial acumen with the unique capacity to understand the complexities of working with people with chaotic lives. Moreover, effective teamwork within the case studies was supported by the social enterprise leaders who were able to recognise the strengths of the team, what the team was lacking and making sure there was a balance of personalities within the team. The following evidence highlights the above points:

*...“I think it is more about the individuals that you have got working with you than anything else. Because you can have all of the opportunities in the world but if you haven't got the people to understand fundamentally, the business, and the client group you're working with, you're going to struggle”...**(Frank; Revitalise)**.*

And:

*...“The other Director and I have a really good working relationship and we both have quite different roles, he is very much focused on operations and I’m very much on business development and the social side of it. He has got his feet firmly bolted into the ground and I’m off flying around in the clouds somewhere having a great time! I think because of that dynamic that’s what’s kept us going and I don’t see that changing at any point in the future”...**(Ian; Premier Crew)**.*

From the perspective of the homeless people, being part of the team was crucial to feeling ownership and agency within the social enterprise. Through participant observation the researcher was made aware of how seriously the employees/trainees viewed their team. They exhibited a strong sense of “letting the team down” (**John; The Lunchbox**) if they were unable to go into work. Following this, the social enterprise leaders ensured that all employees/trainees felt part of the team to encourage motivation. This was achieved through regular one on one and team meetings to give

feedback on progression and also to act as a space to contribute to new ideas for the business.

The biggest challenge, according to the social enterprise leaders regarding team dynamics, was “letting go” and “delegating” (**Jessica; The Lunchbox**) work to the employees/trainees. There were occasions during participatory observation where it appeared that people felt they were being misunderstood and found it difficult to communicate under pressure. Anger was something that was reported by the leaders as being difficult to mitigate with some employees and trainees. However, the supportive environment of social enterprise and explicit awareness of the complex support needs of homeless people meant that the team dynamics did not appear to suffer to the detriment of the social enterprise as a whole. Thus it is being argued on the basis of this evidence that a number of factors, including - a supportive environment and a sense of ownership and belonging - were critical in mitigating against issues regarding anger management and overall helped to shape the development of the social enterprises.

7.6. Conclusion

Although the number of homelessness social enterprises has grown over the period of this study (from 100 in 2009 to 306 in January 2012), it is difficult to say, resolutely, whether the increase is due to *demand*, i.e. responding to the needs of vulnerable groups or because of *supply* where social enterprises have been encouraged by government to fill the gaps left by the scaling back of public services. It is perhaps more accurate to suggest that a combination of demand and supply side aspects have encouraged the development of social enterprises working in the homelessness sector. Following this evidence, the argument developed throughout the main body of the chapter has provided deeper insights into the exogenous and endogenous factors associated with the development of homelessness social enterprises.

In this respect, the economic effects of the recession have prompted social enterprises to innovate rapidly to survive the ‘triple threat’ of the loss of contracts, reduced consumer spending and charitable giving. Political aspects have also influenced the development

activity of the social enterprises associated with this study. Despite political efforts to bolster support for the 'Big Society' the social enterprise leaders were highly sceptical of its purpose - "the 'Big Society' is little more than political dogma" (**Andrew; Media 4 All**), and "The 'Big Society'? As far as I am concerned the government is all mouth and no trousers!" (**Fred; Green Cycles**) - And although agreed in principle with social enterprise being more apparent in public life, the agenda had little impact on their operating activities (see section 7.4.1). In fact, ideas around localism appear dependent on geographical location and the relations with local government. In essence there was no overall evidence to suggest that homelessness social enterprises have been shaped by the localism agenda. In fact, social enterprises themselves were 'acting locally' prior to the localism agenda.

However, stronger evidence regarding political influence and the development of homelessness social enterprises has been presented including the reduction in statutory funding and loss of related employment programmes. These elements have impacted decisions regarding the level of support on offer to homeless people and indeed whether people with multiple exclusion issues could be assisted. The case study accounts also suggest that new policies such as the 'Work Programme' and legislative pressure (to provide equal employment conditions for temporary workers) have caused social enterprises losses in funding, bureaucratic headaches and moral dilemmas.

Social factors endogenous to social enterprises have also been discussed in terms of how they shape the development of social enterprises operating in the homelessness sector. The presence of 'accidental' social entrepreneurs was presented as a key element shaping the social enterprises and was, indeed, present in every case study. Along with strong team dynamics, the ability to join and build relevant networks as well as illustrating the ability to innovate and diversify incrementally were all key facets motivating and shaping the goals, strategies and overall environmental development of homelessness social enterprises. Indeed it is these endogenous factors that buffer against the more challenging exogenous elements influencing the scope of social enterprises working to employ, train and support homeless people.

The following and penultimate empirical chapter seeks to build on the challenges - presented above and in Chapter Six - facing homelessness social enterprises. The aim of Chapter Eight therefore is to bring together the evidence presented thus far regarding the key issues and debates concerning the development of social enterprises in the homelessness field in general before assessing the advantages and disadvantages of different models of homelessness social enterprise.

CHAPTER 8: CONFRONTING THE CHALLENGES OF HOMELESSNESS SOCIAL ENTERPRISE DEVELOPMENT

8.1. Introduction

The focus in this chapter is to bring together all of the evidence pertaining to the key challenges faced by social enterprises operating in the homelessness field and indeed how different models of homelessness social enterprise respond to these challenges. To recap, the thesis has argued thus far, that homeless people face acute exclusion from the labour market, which occurs in various states across the life cycle (Chapter Five). In response, social enterprise has been introduced as one policy response to address the employment and enterprise needs of homeless people. To address 'gaps' in knowledge the characteristics associated with homelessness social enterprises as well as related models have been explained (Chapter Six). Providing a deeper level of analysis, the exogenous and endogenous factors concerning the shaping of homelessness social enterprises have also been discussed, again to provide new contributions to knowledge (Chapter Seven). The aim now is to assemble all of the qualitative data and analysis to critically examine the fundamental issues facing social enterprises working with homeless people and how the various reformed and emerging models of homelessness social enterprise (first introduced in Chapter Six) may rise to the challenge of meeting the employment and enterprise needs of homeless people.

In terms of structure, first this chapter builds on certain key issues related to homelessness social enterprises in general, some of which were originally introduced in Chapter Six. The challenges are divided into those affecting the operational and commercial aspects of homelessness social enterprises overall and then issues related to the homeless or formerly homeless employees/trainees. In this context, definitional confusion is revisited briefly, before providing wider reflections on balancing the social and economic objectives. Next, problems associated with start-up and the initial phases of social enterprise construction are considered before ending with the challenge of sustaining income. Attention then turns to the matter of volunteering versus paid employment and then to the quality of work experience available to employees/trainees.

Finally the latter part of the chapter sets out the relative advantages and disadvantages of each model of social enterprise operating in the homelessness sector before considering how each model meets the challenges they face in the homelessness sector.

8.2. Key Challenges Facing Homelessness Social Enterprise Development

8.2.1. Definitional confusion

A characteristic associated with homelessness social enterprises is definitional confusion. Indeed “there remains considerable confusion and lack of clarity” (Lyon & Sepulveda, 2009:1) over definitions of social enterprise in general. It presents itself as a key issue particularly as it appears as a central theme throughout the thesis. The following discussion builds on issues highlighted in Chapter Three (see section 3.2.3.) concerning the unarticulated or ‘loose’ nature of the definition in the sector and the wider academic and policy spheres in general. We also draw on the discussion over charity status / social aims and entrepreneurial imperative in Chapter Six (see section 6.2.1). Finally there is some relation to Chapter Seven (see section 7.5.1.) where we were concerned with the moral dilemmas associated with balancing social and economic objectives.

Confusion regarding definition presents fundamental challenges for the enterprises because definition not only enables organisations to decide on their social and economic objectives but also on legal structure. Moreover, clarity of definition impacts how social enterprise is selected as an appropriate form to fit existing aims and objectives, notwithstanding how aims and objectives are then shaped to approximate the social enterprise brand. These issues were highlighted when carrying out the participant observation and depth-interviews.

The case study evidence provided a crucial finding uncovering that while (independent) enterprises that adopted the *profit-focused*⁷⁶, *employment*⁷⁷, *client-led*⁷⁸ and *hybrid*⁷⁹ models portrayed clearer understanding of what social enterprise is and does (Teasdale, 2010b), and demonstrated the importance of the economic aim, those (embedded organisations) adopting the *WISE*⁸⁰, *AWET*⁸¹ and *entrepreneur support*⁸² models, did not. It is no surprise that organisations adopting these models place themselves at the philanthropic end of the Dees (2001) Social Enterprise Spectrum, as highlighted in Chapter 6 (see section 6.2.1.). This has further implications for the employees/trainees. The danger of definitional confusion in this context is that without a clear idea at inception regarding the focus of the enterprise case study organisations were led down the volunteer route, associated historically with the voluntaristic not-for-profit school of thought, rather than paying people, as would be traditionally found in the private sector. This challenges the aim of social enterprises in the homeless field that seek to replicate business practices found in the mainstream labour market.

A further aspect regarding the challenges associated with definitional confusion in the context of *what is* and *what is not* a social enterprise, concerns private businesses profiteering from the social enterprise form. Respondents voiced concerns about the need to have set definitional parameters to stop less well meaning, private businesses defining themselves as social enterprises. This could allow them to profiteer financially in terms of tax advantages and even positive public perception. In fact these organisations would feature at the other end of the Dees (2001) social enterprise spectrum where the work they are engaged with is closer to Corporate Social Responsibility (CSR)⁸³.

⁷⁶ Premier Crew

⁷⁷ New Start

⁷⁸ Media 4 All and Green Cycles

⁷⁹ New Start

⁸⁰ The Lunchbox and United Cafes

⁸¹ Revitalise

⁸² Incubator hub

⁸³ CSR is defined for the purposes of this study to entail "Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business" (Holme & Watts, 2000:8).

Social reporting and legal accountability

Social enterprise leaders reported that the way to address this issue could be to strengthen the social reporting methods of social enterprises as a means to differentiate between private enterprise with CSR elements and social enterprises. Insofar as a social enterprise is required to report quarterly, for example, on how many people they have assisted back into work, or gained recognised training and qualifications, this may differentiate between 'true' social enterprises and private businesses with CSR programmes. However this would be difficult to achieve without a clear definition of social enterprise at inception, which would be needed to guide the process of social reporting.

A broader point associated with social reporting is accountability, which is a major challenge facing homelessness social enterprise. There are strong mechanisms in place regarding charity law, which ensure that charities are accountable to all stakeholders. However, a grey area may develop when a charity takes on a trading arm. Moreover, where social enterprises are guided by rules set out, for example, for those adopting the Community Interest Company (CIC) model, the rules are rather 'thin'. As the *homelessness social enterprise survey* suggests, only 14 per cent of homelessness social enterprise adopt the CIC model. This could be accounted for by the CIC form being relatively young (2005) therefore any homelessness social enterprises older than six years would be unlikely to have it - unless, of course, they re-constituted like *Premier Crew*, who transitioned from Charity/CLG to CIC when the legal form was introduced. Despite this caveat, the majority of social enterprises working in the homelessness sector demonstrate little in the way of accountability structures or measures that reflect the charity they operate under which may not be conducive to operating a social enterprise. There appeared to be a gap in legislation in terms of ensuring social enterprises are accountable to stakeholders, including employees, the public *and* any funding and support agencies. Ian, from *Premier Crew* highlights the point:

...“We’re looking into our social reporting and accrediting our social outputs. I think is a very complex and difficult world to enter, the social reporting because it’s sort of...I’m quite dubious about putting human impact into numbers, it’s a very difficult thing to quantify mathematically, unless you are very clever and you understand complex mathematical equations. But we need to do something to show our accountability to our stakeholders”... **(Ian; Premier Crew)**.

However ideas around accountability legislation should be viewed with caution. There may be a danger that social reporting becomes onerous and social enterprises are directed towards the stringent accountability mechanisms of other third sector organisations such as charities. Many social enterprises may struggle to afford to employ someone full-time to work solely on social reporting. There is also the question of reducing ‘soft’ outcomes, such as an employee’s improvement in mental health, to quantitative outputs. It would be difficult to measure health outputs, for example, in terms of what the saving would be to the NHS (quite possibly millions of pounds), however, it can be done. Indeed, if accountability mechanisms were sensitive to the resource and time limited nature of social enterprises it would be simpler for them justify their budgets, spending and funding streams in a more robust and transparent fashion. This may result in less opportunity for the premise behind social enterprise to be taken advantage of.

In summary definitional confusion is prevalent across the case studies from a greater or lesser extent depending on the type of homelessness social enterprise model adopted, i.e. the *WISE*, *AWET* and *entrepreneur support* models. Those social enterprises still attached to a parent organisation, particularly a charity, demonstrate more confusion regarding the commercial aspect of the social enterprise definition. However, social enterprises following the *profit-focused*, *employment*, *client-led* and *hybrid* models have a much clearer idea of what social enterprise means to them from both a social and an economic perspective. As such profit orientation is more tangible and less likely to be misinterpreted than social objectives, where there is room for stakeholders to understand what is trying to be achieved in different ways. An argument was also

presented to suggest that a more succinct conceptualisation of social enterprise could help to inform social reporting as a means to identify 'true' social enterprises from private enterprises with CSR programmes. Efforts to address this point were originally attempted by the former Social Enterprise Unit at the DTI (Department for Trade and Industry) regarding efforts to measure the sector where organisations receiving fifty per cent or more of their income through trading and operating on a not for *private* profit basis were deemed a social enterprise. However, dilemmas remain over what counts as 'income' and 'trading' and also whether a category of organisations not yet achieving fifty per cent, but striving to become a social enterprise, may or may not be included.

The above discussion lends itself well to the rhetoric that social enterprise means "different things to different people" in different circumstances and at varying points in time (Teasdale, 2010b:16). Even with the use of the *social enterprise spectrum* (Dees *et al*, 2001) as a means to introduce some objectivity, the problem of definitional confusion is likely to remain. This is perhaps due to the ambiguous and complex way social enterprises are born and operate to respond to multifaceted social problems.

8.2.2. Striking the 'right' balance: the social versus economic objective

Negotiating the tensions between the social and commercial considerations was presented in the data as a major challenge facing the development of homelessness social enterprises. Many actively favoured the social mission, particularly embedded social enterprises working with the *WISE* and *AWET* models. The following case study evidence from *The Lunchbox* and *United Cafes* illustrates the point:

..."You start off and the clients are your priority and you want to make enough money to cover it but basically your priority is the clients and then when things are getting more successful and people say you could do this and that and you could expand and roll it out and you think great but you have to bring yourself back to why you are doing it and ask whether or not it [focusing more on profit and growth] would be of benefit to the residents?"...**(Jessica; The Lunchbox).**

*...“It’s is all about our clients and our objectives and getting the best out of our people and providing that sort of safe environment as opposed to focusing on the economic objective”...(Jessica; **The Lunchbox**).*

...“What we are good at is helping vulnerable people and we have a massive resource in this building that can help achieve that. But we need to be more commercially driven. We have all the social development aspects in-house but is

The danger of favouring the social objective in this context is that the business model in terms of profitability, growth and sustainability receives less attention. Therefore although many homelessness social enterprises finely tune and deliver their social aims they struggle to operationalise the commercial elements of the business. However, this largely depends on the model used. *Premier Crew*, who adopt the *profit-focused* model, were more focused on financial returns in order to deliver social objectives, as the following quotes highlight:

*...“If we don’t have a business we don’t have any opportunities to offer anyone, so we’ve got to kind of, it’s kind of why our commercial focus always comes first because if I haven’t got jobs to offer people we can’t employ the ex-homeless people, we cease to be as effective as we’d like to be you know”...(Ian; **Premier Crew**).*

...“Our mission is to exist as a corporate company, you know, it really is to make as much money as we possibly can, we are competing in a professional market and there are probably nine other companies in London doing what we do and it’s highly competitive. It’s very difficult actually to assess; is it profit or is it about the homeless people? What should we focus on? We’ve found that if you concentrate too much on one you get caught up in it so in reality you need to concentrate on both and one will always take preference and one always filter over to the other”... (Nigel; Premier Crew).

The evidence and analysis presented above from the case study organisations suggests that there are intricate and complex elements inherent with balancing homelessness social enterprises’ social and economic logics. The pressure to balance social and commercial considerations is particularly evident among social enterprises *independent* from support organisations, such as *Premier Crew*. Organisations adopting *profit-focused* approaches have little choice but to *not* assist the most disadvantaged in order to limit costs and maximise profit to meet their social aims (to provide paid employment to homeless people). This could be because disadvantaged groups may demonstrate reduced economic value to the organisation compared to people obtained from the mainstream labour market (Tracey & Jarvis, 2007). In essence this is due to the higher levels of social support that they require and the subsequent constraints on their productivity (Tracey & Jarvis, 2007) such as time off for substance mis-use treatment, for example. Moreover, the social enterprises do not have the support from host organisations to redress the competing objectives by locating additional funding streams to provide extra social support (Teasdale, 2012). The case study organisation, *New Start*, provides evidence to support these points:

...“We were taking on people who weren’t able to hold down a job, erm, employing them until they were able to hold down a job and then moving them on, then taking on people again who couldn’t hold down a job. So we were constantly taking on a workforce with various personal problems [substance mis-use], which were expensive and unproductive, by comparison to a regular workforce if you like”...(Caroline; *New Start*).

While all case study organisations had a tendency to favour one objective over the other depending on model type and the resources available to them, they also recognised the need to reassert the balance. This was achieved through a number of strategies, which is also supported by a recent study by Teasdale (2012). First by adapting to employment conditions in the field. *Independent* social enterprises such as *New Start* mix their workforce to include both homeless and ‘mainstream’ workers. The idea is to secure a more reliable workforce and thus generate sustainable levels of productivity.

Embedded social enterprises took a less direct approach and instead adopted a policy where all trainees/employees had to have their mental-health and/or substance mis-use issues managed (via engagement with a mental health team and/or a prescription treatment programme) in order to participate. The aim was threefold, to support homeless people, secure reliability (limited levels of sick leave and lateness) and thus maximise productivity. *Revive*, *Inspire* and *New Start* took further measures and enabled trainees/employees to work flexible hours around their social care needs in order to secure reliability but, crucially, also this allowed people with multiple exclusion issues to be involved.

Second the case study organisations ‘creamed off’ the homeless people more likely to ‘succeed’ in the mainstream labour market (Teasdale, 2012). This happened across the organisations - apart from *United Cafes* - but to varying degrees. Particularly for those adopting the *WISE* and *AWET* models and engaged in government programmes, which are paid (or assessed) on how many people they place into the mainstream labour market (Aiken, 2006; Gardin, 2006; Teasdale, 2012). Although this practice took place the

organisations were still able to support employees/trainees with higher levels of social support as they repositioned them to just the training element and signposted them to other supporting departments - mental-health, substance mis-use programmes and housing support - in the wider host charity. They also operated an 'open door policy' to encourage people to return to the social enterprise. Organisations *independent* of support, such as *Premier Crew*, used this practice to a larger degree, as they did not have the support of a parent organisation to buffer the losses associated with any reduction in productivity. As such, they were not able to employ people with multiple exclusion issues but they did signpost them to their associated charity and other homelessness projects.

Third hybrid funding sources were used across the organisations (see section 8.2.3 for further discussion) to secure financial sustainability (Teasdale, 2012). The fourth balancing strategy the case study organisations used was to capitalise on their social aim (to employ and train homeless people) to gather public support. This provides evidence that balancing the social and economic aims can be harmonious:

...“But then there was the flip side, that the reason why people were buying from us is that they wanted to support homeless people in employment so, erm, the social element of the operation was commercially effective as well”...(Caroline; New Start).

To summarise, the above evidence highlights that the ability to achieve social and economic balance is largely dependent on the model of social enterprise adopted. The *WISE* model (take *The Lunchbox* for example) can afford to concentrate on their social aim due to the economic safety net offered by the parent organisation. This is a crucial finding suggesting that the nesting of social enterprise within a hierarchy of a social enterprise trading arm and social objective driven charity for example not only provides accounting advantages but also differentiates by objective. However the *profit-focused* model, as demonstrated by *Premier Crew*, has little choice but to concentrate on the economic objective to survive due to its independence from a host organisation. This is the ends (being social) justifying the means (being economic) discourse. The model type and access to finance largely determines the balance between the objectives. This

highlights further implications for social enterprises such as the propensity for ‘mission drift’. However a number of strategies are adopted by the organisations to ensure some level of balance between the social and economic logics are maintained. While these tensions within the approach to social enterprise, like definition, should be afforded attention the principal issue is about meeting the social outcomes, however they are achieved.

8.2.3. Start-up and sustainable income

The third key challenge facing the development of social enterprises in the homelessness field concerns various factors during start-up and financial sustainability once operating. During the start-up period, all of the case study organisations referred to being both time and resource poor. Similar to small and medium sized enterprises in the private sector, social enterprise staff take on multiple roles as social enterprises generally do not have the financial means to operate human resource departments. Moreover, the lack of technical expertise, particularly around information technology, advertising and marketing meant that starting up, especially for those social enterprises not supported by parent organisations, was incredibly difficult and held back the growth and development of the social enterprises under investigation:

*“Everybody we go to for marketing advice we say we have zero or no budget so have you just got any ideas we can put together. Even getting a web site with the basics together was hard work. We’ve been held back with our marketing just because of the size of the company”...**(Nigel; Premier Crew)**.*

Although the case study organisations were restricted in general regarding the resource issues mentioned above, when business growth did occur, it happened at a rapid rate, which then stretched the enterprises. First in terms of capacity to meet the support needs of the homeless people and secondly it also highlighted areas where general business expertise concerning finance and administration were weak. This was especially prevalent in the *client-led* organisations and those not attached to parent organisations that were not able to offer support. This issue is not dissimilar to many small businesses

where the expertise, knowledge and interest lie in the product/service rather than the business form:

...“They [the social enterprises] have actually grown really quite rapidly. The turnover has increased and that has brought a pressure, because they are not terribly hot on systems and getting their admin done and doing business projections and that is not really where they are. They are more interested in bikes and ordering more bike parts and talking to people about their bikes, they are bike mad”...(David; Incubator Hub).

Reappraising the social aim: ‘deep exclusion’

A further finding associated with the challenges facing the development of homelessness social enterprise during start up is closely linked to earlier discussions in this chapter regarding the primacy of the social aim (see section, 8.2.2). For some case study organisations, reappraising the social aim left them unable to work with ‘deeply excluded’ individuals. For example, when *Premier Crew*, first established their social aim it involved all employees being homeless. However this caused significant problems in the work place:

...“It was 100% ex-homeless when it started and that’s largely why it didn’t work. There was enthusiasm, there was a great deal of determination amongst the guys but there was absolutely no experience and no sense of appropriate conduct in a work place”...(Ian; Premier Crew).

...“The idea of taking people off the street and putting them straight out into the corporate environment was y’know, not ideal. The demands of the corporate environment are huge: punctuality, presentation, how you conduct yourself on site. We had situations where staff were turning up and offering people out for fights because they weren’t prepared for the environment. That was identified very early on and now we only employ 25 per cent of staff from a back ground of homelessness”...(Nigel; Premier Crew).

The need to balance the social and economic objective for *Premier Crew* involved reappraising the initial social goal of the organisation in order to safeguard the future of the enterprise and increase productivity. A recent study by Teasdale (2012) involving the investigation of six *embedded* social enterprises operating under the *WISE* model supports these findings. However, crucially the evidence provided by this study suggests that other - *independent* - models of homelessness social enterprise, such as *profit-focused* and *client-led* also encounter these challenges during start up. The social enterprises leaders talked widely about the problems associated with anger and how this affected the working environment for both managers and employee/trainees. In this context, working with a challenging vulnerable group, with 'deep exclusion' issues, requires extra time and resources. Therefore there were two significant pressures on the organisations during start up, the financial implications in terms of the reduced productivity of those workers who required additional support and the cost to the enterprise of the resources used to support staff.

Availability and sustainability of finance

Evidence collated through data collection and analysis also raised challenges associated with the inception period of the case study organisations. The developmental challenges were linked to two key factors, the availability of finance and access to contracts and the decision making process regarding business start up. For those case study organisations (*The Lunchbox, Revitalise, Revive, United Cafes*) attached to a parent there was ample access to internal markets and the connections to large commercial organisations to bid for contracts. For example, *Revitalise* had access to a training centre to offer catering and *Revive* was able to tender for work on a large number of properties in need of renovation. However for those organisations with very little finance to drive the enterprises forward choosing an emerging market or one that was not saturated was invaluable. In effect scoping the market place as opposed to relying on the entrepreneurial skills of the appointed manager for example was crucial during the inception period.

The final issue regarding start-up and income, particularly sustainable income was the evidence related to the hybrid resource mixes that the social enterprises adopted. *Premier Crew* was the only social enterprise that was able to rely predominantly on trading income. The respondents were aware of the financial sustainability discourse and were at ease using a mixture of income sources, including gifts in kind, grants and donations, and volunteer labour (Teasdale, 2012). A wider issue associated with the 'income mix' was the difficulty the social enterprises faced realising the potential *value* of their products and services and charging appropriately in the third sector where the 'culture' historically does not favour 'making profit'. Moreover, the absence of Boards of Trustees in three out of six of the case study organisations (those operating under a host organisation viewed the charity's Board as fulfilling this function and therefore demonstrated a distinct advantage regarding the separation of social from business aspects) meant that the social enterprises could potentially miss out on information regarding funding opportunities for further income support. Of course this depends largely on the professional connections the Board members have and the ability of the Board to utilise those affiliations effectively.

8.2.4. Volunteer versus paid employees

The fourth fundamental challenge related to homelessness social enterprise development concerns the issue of paying the workforce. The following section explores whether or not financially rewarding individuals could potentially lead to exploitation. Moreover, the effectiveness of attributing more responsibility to someone's role and use of credit schemes are examined as a means to offset the lack of financial reward for volunteers/trainees.

Social enterprises in the homelessness field face several contextual challenges related to the third sector environment. First introduced in Chapter Six (see section 6.2.5) were the nuances of employment practices. To recap, social enterprises operating in the homelessness sector may either directly employ and pay homeless people or offer training and work experience remunerated through expenses and payment in kind

(credits for household appliances or passport applications for example). Individuals can also volunteer their time without financial compensation. However in reality many homelessness social enterprises use a combination of these approaches. It could be argued that the culture associated with the third sector makes the use of volunteers both necessary (due to scarce resources and the need for labour) and possible (because only some of the work required is part-time, which suits budgetary requirements) (Bridge *et al*, 2009). However employing volunteers versus paid employees poses significant challenges for the development of social enterprises seeking to provide employment and enterprise opportunities for homeless people.

First is the question of whether not paying individuals could potentially lead to exploitation. Evidence from across the case studies related to nonprofits with subsidiary social enterprises indicated that they did not pay employees/trainees. Instead they received access to training, work experience and expenses being reimbursed. While many homeless respondents said that this was appropriate there were a number of instances where homeless participants referred to issues around indirect exploitation from the social enterprises. It seems that there was a fine line between what was acceptable in terms of the amount of hours worked and the commitment that people were required to undertake. The effect on participants was an increased sense of responsibility:

...“I am not getting paid at the moment but I am getting a free space [to operate the social enterprise from], but if you count all of the hours I have put in, for example on a course day, and all of the equipment I bring in, the hours alone would justify the space. It felt like I was working my arse off all the time without any return. But I feel I’ve got a responsibility to the clients, so I keep going with it”... (Andrew; Media 4 All).

Homelessness social enterprises mitigate against the issue of indirect exploitation regarding pay and conditions through providing training and expenses in place of paid employment. However, the challenge is to ensure clarity regarding employment conditions, particularly around responsibility and working hours. This is offset somewhat by allocating responsibility to individuals to encourage them to feel valued:

...“All of the work is voluntary, I don’t get paid for the work I do in the houses. It’s like the company employs me without being paid. We have started a new programme with the probation people and I do the induction and the training when needed. That in a sense gives me a bit of responsibility”... (Lawrence; Revitalise).

In this context responsibility can also take on a positive form where individuals feel valued for the part they play in the development of the social enterprise. In other words there is a ‘tipping point’ between responsibility as a burden and responsibility as a reward. This lends itself to the notion of the ‘moral economy’ of social enterprise. As Lawrence suggests above, the social enterprise encourage his continued support of the organisation by involving him in a more senior role, thus ensuring his co-operation to work without financial reward. The key challenge for homelessness social enterprises is to set clear boundaries in terms of what is expected of people and also to balance the workloads of volunteers and also paid employees, especially those with multiple support needs who may find pressurised environments challenging. The balance of power between social enterprise leaders and employees/trainees and their relative agency would then arguably be more stable.

Further challenges for homelessness social enterprises concerning the volunteer versus paid employee issue are the way that credit schemes are operationalised. The case study evidence suggests that some form of training or credit reward is generally accepted as the norm across the homelessness social enterprise sector. However there are a number of issues related to credit scheme(s). First employees/trainees are not afforded personal responsibility regarding money. Key workers are required to buy products and/or services for individuals. While this may be to ‘protect’ the interests of those people who are inexperienced in handling cash and those with a history of debt there is a pertinent issue around lack of trust. Second, although such schemes are motivational tools for employees/trainees there is the danger that it may encourage people to stay longer in the social enterprise (especially those associated with *WISE* and *AWET* models), which means they may not have the capacity to take on new recruits.

Third if credit schemes are introduced incrementally into organisations there is the potential for animosity to develop between current and new trainees. For example, at *The Lunchbox*, one half of the trainee group completed their training purely on a voluntary basis. While the new cohort were rewarded with training credits:

...“They’ve just brought in a credit scheme. You work a four-hour shift and you get two credits and when you move out, one credit is £1 and you save it up for a microwave or a toaster or whatever and your key worker gets for you. The trouble is though, more people are staying on longer because of it and not moving on, you know? I am a bit worried that people only come in to get that [credit scheme] and I don’t think that’s right. It’s meant to be a volunteering thing”...(John; The Lunchbox).

Even where paid employment is the primary aim of social enterprises working in the homeless sector (those which adopt the *profit-focused, employment, client-led, entrepreneur support* or *hybrid/complex* models for example) they also require new recruits to work for short probation periods, unpaid, as the social enterprise leader for *Premier Crew* explains:

...“When we take them on, we put them out on two weeks for a trial, we don’t pay them and we don’t charge for them. After two weeks, if they are ok, we put them on for up to fifteen hours a week, so it doesn’t interfere with their benefits, for a period of about four weeks and then start to pay them and see how they go”...(Ian; Premier Crew).

Moreover, evidence across the case studies highlights an overall awareness that unpaid internships, which are increasingly popular across all sectors of the economy, are an opportunity to gain skills and experience from people without committing to employment contracts and payment. This is particularly prevalent due to increased competition for jobs in the labour market.

In summary, while volunteering can be seen as the extreme of low pay, it is not without value. It can be beneficial for both the volunteers and the host organisation. It provides homeless and other vulnerable groups with regular work experience, skills and training, encourages work related discipline such as time keeping and affords the opportunity to apply for jobs from the position of regular employment (Bridge *et al*, 2009). Thus, challenging labour market exclusion.

The fundamental challenge for homelessness social enterprises, however, is to ensure that individuals are not overloaded with work and do not run the risk of an overwhelming sense of responsibility. The evidence presented suggests that the case study organisations achieved this via giving individuals responsibility in equal measures where appropriate. Following this a further challenge facing social enterprises working with homeless people is the functioning of credit schemes while respondents generally accepted that credits and paid expenses were acceptable, although enterprises should be mindful of issues around trust and ensure that individuals are motivated by various incentives, such as the intangible benefits related to accredited qualifications not just tangible ones.

8.2.5. Quality of job, work experience and training

The final challenge facing the development of social enterprises working in the homelessness field is job, work experience and training quality. This issue was first introduced in Chapter Six (see section 6.2.2). Evidence from across the case studies indicated that the jobs and work experience available to homeless people was generally low paid, low skilled service sector work, featuring temporary contracts and part-time hours. Again these findings were particularly prevalent in social enterprises embedded in a parent organisation and generally adopting the *WISE* or *AWET* models of social enterprise. These assertions reflect other findings in the sector as whole. Bridge and colleagues (2009) agree that the third sector is routinely associated with generating jobs of 'low quality', which seems to suggest that many jobs have low remuneration, require few skills and are temporary or part-time in nature.

A further key issue represented across the case studies was not only ensuring that 'meaningful activity' was offered but also maintaining the quality of the work experience for all individuals, particularly those who required more support than others in terms of engagement with social enterprise activities:

*...“Many meaningful opportunities is actually what, is the answer. So really we have to be facilitators of meaningful activity and just kind of do as much as we can to provide a sustainable environment, where they [employees/trainees] actually get something out of it”...**(David; Incubator Hub).***

*...“At the moment we have a slight battle where we have got some very good people who are trying to get into the kitchen earlier and earlier in the morning and they are getting everything done really early and the people we are trying to bring on and encourage aren't having enough to do, and are coming in and saying there isn't anything to do, it's already been done. That's the difficult thing, balancing and maintaining everything”...**(Jessica; The Lunchbox).***

However it is worth asking what a 'quality' job is in the context of homelessness social enterprise development. Some may feel that a 'quality' job is one that requires high skills/qualifications, is financially lucrative and offers stability and professional development. However 'quality' can also be referred to as 'fit for purpose' for the employee/trainee, such as earning a 'living' wage (Bridge *et al*, 2009). This was certainly highlighted across the case study organisations. While managers were aware of the challenges facing them in terms of offering employees/trainees valued job and training experience, they offered much more in terms of the holistic development of individuals:

*...“It's always keeping in mind why we are doing it [social enterprise]. It is because we want people to have experience of doing something worthwhile and something that is going to use their skills and give them new skills, it's all about confidence, self esteem and social skills and getting recognition for skills that they already have and learning new ones”...**(Jessica; The Lunchbox).***

The case study organisations adopted ‘staged approaches to development’. This involved building incremental learning objectives and qualification goals into the development programmes of the employees/trainees. *United Cafes* and *Premier Crew* were exemplary in this area. Moreover, enterprises worked hard to encourage ‘soft outcomes’ for people such as building self-esteem, confidence and social skills. ‘Quality’ in this context was also associated with ‘job satisfaction’. Homeless respondents referred to “being given a chance” (**Julia; United Cafes**) and “feeling useful” (**John; The Lunchbox**) as key elements associated with job satisfaction as well as the convenience of working hours and accessibility of work to suit caring responsibilities for example.

In summary, while homelessness social enterprises may offer, what many would view as, low skilled and low waged jobs, this does not necessarily define the ‘quality’ of job. As the case study evidence suggests holistic and embedded learning and skills development encourages ‘job satisfaction’, which can also be seen as a measure of ‘quality’. As such the jobs and work experience on offer is ‘fit for purpose’ or designed appropriately with the needs of the individuals involved that also reflect the homelessness sector as a whole. However, social enterprises working to generate employment and enterprise opportunities for homeless people still face a constant challenge to maintain and develop ‘meaningful opportunities’ and to maintain employees/trainees motivation to ensure they feel like an integral part of the team and a crucial element in the ‘success’ of the social enterprise.

8.3 Confronting the Challenges Facing Homelessness Social Enterprise Models

As has been previously mentioned in Chapter Six there are a number of social enterprise models in the social economy⁸⁴, which are also located in the homelessness sector. However, the caveat of the models located in the homelessness field is that they appear far more ambiguous and complex than one would first envisage, largely due to the multitude of exogenous and endogenous factors, which were discussed in Chapter Seven. Moreover, the problematic and chaotic lives of the employees/trainees add a deeper

⁸⁴ Defined by commercial and non-commercial activity performed by third sector organisations or community organisations (Amin, 2009).

level of complexity into the various frameworks. The following discussion seeks to draw the evidence presented in the empirical chapters together, providing the key characteristics of the models, their relative advantages and disadvantages and finally how each model seeks to address the various challenges (see Tables 8.1, 8.2 and 8.3) regarding the development of homelessness social enterprises.

First, however, two distinct *advantages* are discussed in isolation because they were found to be representative across all of the case study organisations and their respective models. Therefore no one particular model of social enterprise takes precedence over another regarding these aspects. The first positive element was the increase in peer and professional networks. The networks of all of the homeless people involved in this study grew once they were involved with their respective social enterprise. As discussed in Chapter Two (see section 2.4.2) building social networks and establishing peer groups can help to reintegrate people who have been isolated and excluded from the labour market. The first key impact of the increase in peer networks was helping to build people's self-esteem and confidence, as Jeffrey explains:

...“Yeh I have made more friends since starting here and other networks; now I also go to the Baptist Church and they do a lot for the community and I feel like I belong with this place and I am getting to know a few of the lads within the area. Now I feel like I have the confidence to step out and get to know some more people in the area. It can be a very isolating [being unemployed]; you are not seeing people, you are not speaking to people, the support network is not there. But since joining here and the Church my self-esteem is better”...(Jeffrey; New Start).

The second positive element associated with involvement with social enterprise and increase in peer networks are the connections made with professional networks, including opportunities to be introduced to other businesses. For example, due to the case study organisations all being involved in service sector industries all of the trainees/employees had a level of involvement with suppliers and potential customers thus opening up opportunities for other avenues of employment, post social enterprise involvement, as Jenna highlights.

...“Talking and communicating with people, especially when you go on deliveries has introduced me to lots of businesses. I think before, like when I was well, I didn’t have much of a problem communicating with people but when I came here I was depressed and struggled to sort of get myself to integrate and socialise and I do feel like it [social enterprise] has made a difference and it has brought my confidence back up again”...(Gemma, The Lunchbox).

The increase in professional networks was further enhanced for those involved with *New Start* who also provided a job match/recruitment service linking homeless people with potential employers.

Finally the increase in peer networks also enabled people to hear about other employment opportunities through ‘word of mouth’, as Phillip explains:

...“I have been volunteering twice a week and sometimes people come in and tell you about jobs and stuff it’s not just the Internet but word of mouth too. It has built up my networks of people because there is always someone telling you about what’s going on with jobs that are around here. Ryan told me about the apprenticeships”...(Phillip; New Start).

Taking the above evidence into consideration this study supports the notion that people on low incomes or without employment can build ‘bridging’ social capital ties (Fitzpatrick, 2005b) through social enterprise, and by doing so, extend their social networks to develop ways to find employment through building relationships with people who may be able to help them to do this.

The second positive impact for homeless employees/trainees engaged in the case study organisations was the improvement in mental-health. All of the respondents indicated some level of depression prior to engagement with the case study organisations and improvement in their mood once involved with social enterprise as the following evidence suggests:

*...“I have felt like a new person, before I was drinking way too much and depressed and all the rest of it”...**(Phillip; New Start)***

*...“Yeh it has helped me improve my mood being here. I definitely have more confidence and feel happier. Them employing me here as well. That’s given me even more confidence”...**(John; The Lunchbox).***

*...“Yeh it has helped me improve my confidence being here. Definitely yeh because you know when you haven’t been working for a long time you start doubting your abilities and skills but then you come here and they point out the skills that you do have on your CV and then you think why am I saying I can’t”...**(Jeffrey; New Start)***

*...“Since I have been with Revitalise I’ve got so much confidence within myself, I haven’t even thought about self-harming or anything like that. It’s been a positive experience for me, definitely”...**(Sally; Revitalise).***

*...“The Lunchbox has definitely improved my self-esteem because, erm, yeh like I said when I first came here, I did struggle quite a lot, but being given responsibility, quite a purpose, I do have an issue if I am not doing anything to help anybody I feel quite useless, I am one of those people who, so it does, it has made a big difference to how I feel about myself”...**(Gemma; The Lunchbox).***

*...“I was depressed but I am nothing like that anymore, I am off the medication. I have been happier since I have been here and I am much happier. I have more support and I am very happy with the advice and it’s flexible if I say I am not coming then it is ok. There was a time I was in the hospital and she [Annabelle] called me and I was so happy for that. They are nice people [Julia talking about Annabelle]”...**(Julia; United Cafes).***

While all models lend themselves as frameworks which support the enhancement of mental health, those people involved with *embedded* social enterprises represented by the *WISE* and *AWET* models offered the most positive feedback regarding mental health. This is due to their holistic and flexible approach to employee/trainee development and the level of social support offered to individuals.

However, from a more critical realist standpoint, it should be noted that while all respondents personally recognised improvements in mental health with their involvement with social enterprise they did so without consideration of other avenues of support. Such as improved social networks, regular exercise and healthy eating, and engagement with psychological services for example. This suggests that other *conditions* can be attributed to improvement in mental health, not just engagement with social enterprise. Nonetheless, the findings highlight that engagement with social enterprise has a positive role concerning the improvement of mental health and can be ascribed to the social remit of homelessness social enterprises. Moreover it has been overlooked, historically, in terms of importance, in government approaches to get people 'back into work'.

The discussion now turns to the advantages and disadvantages of each model in turn and how they confront the challenges outlined in section 8.2 of this chapter.

8.3.1 WISE and AWET models

Table (8.1) provides an overview of the characteristics pertaining to the *WISE* and *AWET* models and the advantages and disadvantages specific to these models.

Table 8.1. *WISE* and *AWET* models: advantages, disadvantages and challenges

Model Type	Advantages	Disadvantages	Challenges addressed
<p><i>Work Integration Social Enterprises (WISE)</i></p> <p>Case study examples:</p> <p><i>The Lunchbox</i> <i>Revive</i> <i>United Cafes</i></p>	<p>(1) Provides work experience and training to people with multiple exclusion issues</p> <p>(2) High levels of support from parent organisation</p> <p>(3) Personalised and incremental training objectives and goal development</p> <p>(4) Flexible and inclusive employment practices (hours of work and ‘informal’ interviewing and ‘open door policy’)</p> <p>(5) Holistic approach to mainstream employment and enterprise support (i.e. practical and social support)</p>	<p>(1) Lack of autonomy from parent organisation</p> <p>(2) Answerable to parent <i>and</i> funding body objectives</p> <p>(3) Tends not to pay homeless people</p> <p>(4) Imbalance of social and economic aim</p> <p>(5) High levels of bureaucracy (due to attachment to parent)</p> <p>(6) Complicated accounting procedures and recruitment (of paid staff)</p> <p>(7) Integrated and complex legal form</p> <p>(8) Pressure on homeless people to take part in social enterprise activities due to close proximity of accommodation and work environment * <i>AWET</i> model only.</p>	<p>Start-up and sustainable income</p> <p>Issue addressed due to access of resources in wider parent organisation, including Human Resource department, professional networks, funding streams and internal markets</p> <p>‘Quality’ of work experience and training</p> <p><u><i>If quality is job satisfaction</i></u></p> <p>Issues around quality are addressed due to holistic support methods including personalised and embedded work experience, learning and skills programme to enabling homeless individuals to move into employment and enterprise</p>
<p><i>Accommodation and Work Experience/Training Model (AWET)</i></p> <p>Case study example:</p> <p><i>Revitalise</i></p>			

The *WISE* and *AWET* models - demonstrated throughout the thesis by *The Lunchbox*, *Revitalise*, *Inspire* and *United Cafes* - have been grouped together here for a number of reasons. First they are the models, which are most prevalent in the homelessness sector. Second they are highly likely to be attached to a parent organisation, which, as Chapter Six and earlier sections in this Chapter highlight draws on a number of concerns regarding autonomy. Third, while these models involve a trading activity they also have a direct social impact where they have to deal with the trade off between producing a financial return and social impact (Spear, 2001). This suggests that there is a constant tension between balancing the economic and social objective of the enterprise.

To recap, the key features of these intermediate labour market (ILM) organisations is to offer homeless people excluded from the labour market work experience, training and/or accommodation leading to eventual employment in the mainstream labour market. Due to the 'intermediary' style of engagement these models suit people with relatively severe and complex problems, arguably those furthest from the labour market. People may have a 'dual diagnosis' of mental ill health coupled with drug/alcohol dependency. They may also still be considered homeless according to the ETHOS typology of homelessness referred to in Chapter Two. As such these models fit Nyssens (2006) explanation of social enterprises as both 'multi-goal' and 'multi-stakeholder' organisations.

There are a number of advantages associated with both the *WISE* and *AWET* models. They provide a 'safe' and 'secure' environment to undertake training and work experience, which is personalised with the individuals' capabilities in mind. The high levels of support from parent organisations also allow social enterprises adopting this model to create a holistic approach to encourage employment and enterprise for homeless people through offering wider practical and social support elements to support people back into employment. For example, substance misuse support programmes, counselling, CV development, job search, interview support and benefits guidance. Accommodating employment practices including flexible hours of work, informal interviewing practices and an 'open door' policy also adds to the inclusionary approach of both models. These aspects together with flexible working arrangements (hours and leave) suggest that both models are perhaps most appropriate for individuals in the

earlier stages of a homeless pathway and crucially act as a way out of 'deep exclusion' as discussed in Chapter Five.

However, the evidence presented throughout the empirical chapters also highlights several disadvantages regarding the *WISE* and *AWET* models. First social enterprises using these models in the homelessness field are generally embedded in a third sector parent organisation (TSO). This embeddedness limits the autonomy of the social enterprise in terms of being able to take financial and business style risks. Although limiting risk does protect the operating activities of the TSO. Second are problems associated with complicated accounting and legal forms. The accounting and human resource departments are usually integrated to save on costs for the social enterprise and to enable the parent organisation to keep track of any costs associated with supporting the operation. This presents difficulties around financial independence and raises concerns about accountability, particularly the transparency exercised by the host organisation concerning the reporting of the trading activities of the social enterprise. Moreover, the legal forms are usually integrated including the Charity that trades and CLG models. Third couched within these complex organisational aspects are the high levels of bureaucracy that social enterprises must contend with due to their attachment to the parent organisation. Fourth and finally, the mainstream literature on ILM's in the wider social economy suggests that they pay a rate for the job on offer (Spear, 2001). However the key difference with these models in the homelessness sector is that people were not paid in the case study organisations, in monetary terms, but instead paid 'in kind' through training and a 'credit scheme' as documented in section 8.2.4. This highlights that while the model has the potential to assist people back into work concerns were raised by employees/trainees about 'exploitation'.

Despite the various disadvantages associated with these models they do have the potential to address two of the challenges facing social enterprise development in the homelessness field. First due to the availability of resources in the wider parent organisation, such as human resource management, professional networks and access to funding streams and internal markets, social enterprise adopting either the *WISE* or *AWET* model are able to start-up more easily, less likely to fail early on and crucially can

rely on a sustainable income as long as the charity or host is financially secure. Secondly, both models appear to mitigate the challenge of 'quality' of work experience and training on offer through offering embedded learning and development programmes and providing responsibility where possible to feel integral to the 'success' of the enterprise and to instil feelings of ownership.

8.3.2 Entrepreneur-support and client-led models

Table (8.2) provides an overview of the characteristics pertaining to the *entrepreneur-support* and *client-led* models and the advantages and disadvantages specific to these models.

Table 8.2. Entrepreneur-support and client-led models: advantages, disadvantages and challenges

Model Type	Advantages	Disadvantages	Challenges addressed
<p><i>Entrepreneur Support model</i></p> <p>Case study example:</p> <p><i>Incubator hub</i></p> <p><i>Client-led model</i></p> <p>Case study examples:</p> <p><i>Green Cycles</i></p> <p><i>Media 4 ALL</i></p>	<p>(1) Supports the employment <i>and</i> enterprise needs of homeless people</p> <p>(2) Access to wider resources of ‘support’ organisations during start-up phase (financial and intellectual capital)</p> <p>(3) Suitable to employ/train multiply excluded homeless people * more common to <i>client-led model</i></p> <p>(4) Social enterprise led by formerly homeless people with entrepreneurial abilities and the unique understanding of the complexities of working with people with chaotic lives * <i>client-led</i> model only</p>	<p>(1) Not suitable for multiply excluded homeless people</p> <p>(2) Answerable to funding body/‘support’ organisation during start-up</p> <p>(3) May not provide financial remuneration to managers/staff in initial phases</p> <p>(4) Higher possibility of failure during start-up compared to enterprises embedded in a parent organisation</p> <p>(5) Not suitable for people with multiple exclusion issues to <i>manage and run</i> the social enterprise</p> <p>(6) Moderate to high resource constraints once independent from ‘support’ organisation *<i>client-led</i> model only</p> <p>(7) Tendency to favour the social over the economic aim *<i>client-led</i> model only</p>	<p>Start-up and sustainable income</p> <p>Issue addressed due to access of resources in wider ‘support’ organisation, including human Resource department, professional networks, funding streams and internal markets</p> <p>Definitional Confusion</p> <p>Issue addressed through adoption of clear legal structure (CIC) which sets out a definition and a set of guidelines to follow. Opportunity to off-set further confusion via social reporting mechanisms (although yet to be mandatory)</p> <p>‘Quality’ of job</p> <p><u><i>If measure of ‘quality’ is financial reward and highly skilled work opportunities</i></u></p> <p>Issue of job quality is offset due to fewer social support needs of workforce and autonomy of parent organisation, thus the social enterprise is able to choose more freely market orientation where higher skills set is required and the possibility for high financial returns is increased</p> <p>And:</p> <p><u><i>If quality is job satisfaction</i></u></p> <p>Issues around quality are addressed due to holistic support methods including personalised and embedded work experience, learning and skills programme to enabling homeless individuals to move into employment and enterprise</p> <p>Volunteer versus paid employee</p> <p>Addresses issues surrounding pay and potential exploitation due to the embeddedness of social objectives stipulating paid employment (although short trial periods of unpaid work maybe required)</p>

Both the *entrepreneur support* and *client-led* models - represented, as case studies throughout the thesis by the *Incubator Hub*, *Green Cycles* and *Media 4 All* - were *uncovered* at the beginning of the fieldwork process, during the construction of the *homelessness social enterprise survey*. The models are covered together here due to their similarities in terms of start-up position and development. Both are guided by the supervision of a 'support' organisation, usually a social enterprise or third sector organisation. They receive some financial support (grants/contracts) and coaching advice. The key difference between the models is thus; enterprises born out of the *entrepreneur support* model do not have to be social enterprises *but* the 'support' organisation does. Whereas the premise behind the *client-led* model is for entrepreneurs to trade as social enterprises and specifically to support homeless and other vulnerable people getting back into work.

The evidence points to the fact that up until the empirical work carried out for this study the *entrepreneur support* model was found predominantly in the wider social economy (Alter, 2007). It was not alluded to in Teasdale's (2010a) typology of social enterprises working in the homelessness sector although this is not to say that it would not lend itself to his framework. In addition the researcher also revealed the *client-led* model during the construction of the survey. This evidence proposes a crucial finding by identifying that these models seek to develop strategies to enhance *both* the employment *and* enterprise requirements of homeless people.

As with the *WISE* and *AWET* models and indeed the majority of social enterprise models in the homeless sector, the social enterprises operating under the *entrepreneur support* and *client-led* models still have some linkages to their support organisation during start-up. They may share working space, networks and apply for independent funding via the support body. The caveat - and essentially what differentiates them from *WISE* and *AWET* approaches - is the premise is always to eventually become a full self-sustaining social enterprise. This would be demonstrated by separate legal, organisational and ownership structures. Fundamentally, these models are concrete examples of a 'grass-roots' approach to social enterprise.

There are a number of advantages concerning both models, first is the importance of fostering both employment *and* enterprise opportunities for homeless people. Second is access to the resources of the 'support' organisation in terms of financial and intellectual capital during start up. Third concerns the relatively flat organisational structure and inclusive nature of the environment. Binding all of the case study organisations working under these models was the discourse of developing *trust*:

...*"One of our guys is here after armed robbery, we worked out a plan with the City and Guilds people and Green Cycles to keep him on the straight and narrow. I could have given him the money for the tools and he could have gone out and spent it on drugs but you have to make that call and it's a balancing act but trust is crucial, there's not a lot of that out there [referring to being out on the street]"... (Fred; Green Cycles).*

The homeless people working within social enterprises adopting the *entrepreneur support* and *client-led* models were also permitted to open and close premises, handle cash without a 'watchful eye'⁸⁵ and were encouraged to assist in the set up and management of the social enterprises. The social enterprise leaders were also keen to limit hierarchy. The fourth and fifth advantage is where there is a departure between the two models. While someone who is homeless or has never experienced homelessness may set up an enterprise (social or otherwise) using the *entrepreneur support* method, a homeless or formerly homeless individual *must* set up a social enterprise when using the *client-led* model. The advantage in this context is the unique experience of the leader having tangible experience of homelessness and therefore understanding the importance of trust, individual agency and the associated problems with people experiencing chaotic lives such as mental ill-health and substance mis-use for example. Fifth and finally while both models are suitable for multiply excluded homeless people (due to the focus on the social aim and social support) to be employed and trained, the *entrepreneur support*

⁸⁵ During the participant observation of the case studies operating as *WISE* and *AWET* models, the researcher observed that although the employees/trainees were trusted with cash the methods in place for balancing the books were too strict. For example, at *The Lunchbox*, vendors were required to count in the float and count it back in at the end of day under management supervision to ensure it balanced. While strict procedures regarding money are required in any business it was the atmosphere and paternalistic tendencies associated with the discourse of 'trust' that appeared more in the social enterprises adopting the *WISE* and *AWET* models.

model is more suited to those individuals who have secure accommodation and a managed mental health and/or substance issue and are looking to start-up their own enterprise (social or otherwise).

There are also a number of drawbacks associated with the *entrepreneur support* and *client-led* strategies. First both models are answerable to 'support' bodies/grant organisations during the initial phases. This may limit autonomy in terms of making independent business and financial decisions, although this is variable depending on the level of 'support'. Secondly there is a higher possibility of failure during start-up compared to those social enterprises embedded in a parent organisation. Third the same can also be said of achieving a surplus and sustaining income enough to pay people early on. These issues are particularly prevalent if the social enterprises achieve complete independence and are therefore no longer supported by the initial host organisation. Fourth and finally an issue specific to the *client-led* model is the tendency to favour the social over the economic aim. The social enterprise leaders from the case study organisations associated with this model expressed strong desires to support homeless people however negotiating the tension between social and economic aims meant that the enterprises were barely breaking even.

Although there are a number of disadvantages associated with the *entrepreneur-support* and *client-led* models they do have the potential to confront three of the challenges facing homelessness social enterprise development. First due to the autonomy from a parent organisation social enterprises are able to define themselves early on and adopt a clear legal structure such as the CIC form, which provides both definition and a set of guidelines to follow. Second although being associated with a 'support' body implies the need to discuss the development of the social enterprise the relationship also affords access to resources, such as human capital, professional networks, funding streams and internal markets that otherwise may not be available. To some degree this addresses the challenge of initiating a social enterprise and ensuring sustainable income. Third the 'quality of job' element is confronted where 'quality' is *both* a measure of highly skilled work and financial opportunities for the managers and where 'quality' of work experience and training for employees/trainees is 'job satisfaction' and positive feelings around

responsibility. Finally, the volunteer versus paid employee issue is confronted, albeit, only on a relatively small scale and within the realms of the *client-led* model. For example those homeless or formerly homeless people initiating their own social enterprises (*Green Cycles* and *Media 4 All*) were earning a *very* modest wage from trading activities. However due to the infancy of the organisations they were not able, at present, to employ and pay homeless people, although the social enterprise leader was keen to be able to offer paid employment alongside volunteering opportunities in the future.

8.3.3 Profit-focused, employment and hybrid/complex⁸⁶ models

Table (8.3) provides an overview of the characteristics pertaining to the *profit-focused, employment and hybrid/complex* models and the advantages and disadvantages specific to these models.

Table 8.3. *Profit-focused, employment and hybrid models: advantages, disadvantages and challenges*

Model Type	Advantages	Disadvantages	Challenges addressed
<p><i>Profit-focused model</i></p> <p>Case study example: <i>Premier Crew</i></p> <p><i>Employment model</i></p> <p>Case study example: <i>New Start</i></p> <p><i>Hybrid/Complex model</i></p> <p>Case study example: <i>New Start</i></p> <p>* Advantages and disadvantages and opportunities to address challenges depend largely on which models are combined. The following considers the position from the combination of the employment and WISE models</p>	<p>(1) Provides paid employment as well as training to homeless and formerly homeless people</p> <p>(2) Independent and autonomous from parent organisation</p> <p>(3) Few levels of hierarchy</p> <p>(4) Zero hour contracts to suit benefit requirements and caring responsibilities</p> <p>employees/trainees may have * <i>employment</i> model only</p>	<p>(1) Moderate to high resource constraints (i.e. financial and intellectual)</p> <p>(2) Answerable to grant/funding body</p> <p>(3) High potential of failure during start-up phase (similar to small and medium sized enterprises operating in the private sector)</p> <p>(4) Not suitable for multiply excluded homeless people * <i>profit-focused</i> model only</p> <p>(5) Tendency to focus on profit potentially to the detriment of the social aim and thus increased likelihood of 'mission drift' * <i>profit-focused</i> model only</p>	<p>Definitional Confusion</p> <p>Issue addressed through adoption of clear legal structure (CIC) which sets out a definition and a set of guidelines to follow. Opportunity to off-set further confusion via social reporting mechanisms (although yet to be mandatory)</p> <p>Start-up and sustainable income</p> <p>Issue addressed due to autonomy and therefore freedom to take financial and business risks outside ideological constraints of being attached to a parent organisation, thus ability to seek growth and independent financial sustainability. Also employ people with fewer support needs and therefore may feature a more productive and reliable workforce to achieve optimal creativity and financial returns</p> <p>Volunteer versus paid employee</p> <p>Addresses issues surrounding pay and potential exploitation due to the embeddedness of social objectives stipulating paid employment (although short trial periods of unpaid work maybe required)</p> <p>'Quality' of work experience and training</p> <p><u><i>If measure of 'quality' is financial reward and highly skilled work opportunities</i></u></p> <p>Issue of job quality is offset due to fewer social support needs of workforce and autonomy of parent organisation, thus the social enterprise is able to choose more freely market orientation where higher skills set is required and the possibility for high financial returns is increased</p>

⁸⁶ For ease of reference the hybrid/complex model used in this section is an example of a combination of the *WISE* and *employment* models.

The fundamental characteristics of social enterprises adopting these models is that they focus more readily on making a profit to pay all employees, they may also 'gift' back money to a former parent/host homelessness organisation. Case study organisations *Premier Crew* and *New Start* have represented these models throughout the thesis. The *hybrid* model mixes together elements of other models, *New Start* also being the case study example in this context. The most popular form identified by the survey is to combine the *WISE* and *employment* models.

These models have been grouped together, fundamentally, because they all seek to provide *paid employment* for vulnerable people and they are largely under-represented in this study's *homelessness social enterprise survey*. In order to pay salaries to all staff there needs to be a viable product and/or service in demand in the market place where profit can be made. The models can be found supporting social enterprises operating in the homelessness sector across a number of industries; e.g. logistics, distribution and catering. It is interesting to note that the key focus of these models is to pay employees/trainees and therefore the economic objective is more overt in the organisations business model. However, to a more or lesser extent depending on the model type, for example the *profit-focused* model clearly focuses heavily on the economic objective while the *employment* model supports a clearer balance between the social and economic objectives.

The *profit-focused*, *employment* and *hybrid/complex* models can be characterised by a number of advantages. Primarily and as highlighted above homeless people are engaged in *paid* employment. Second the independent and autonomous nature of the social enterprises adopting these models means they exercise greater control over business and financial risk taking decisions, thus allowing the potential to pursue growth. Thirdly their autonomy also allows the organisational structure to exist with few levels of hierarchy, therefore enabling close relationships between management and employees/trainees. The final advantage sees a break between the *profit-focused* and *employment - hybrid/complex* models. Social enterprises adopting the *employment* approach offer homeless employees zero hour contracts and flexible working conditions, which do not

interfere with benefit restrictions (i.e. the 16 hour work rule) and provides flexibility to those with caring responsibilities and travel limitations.

However there are a number of disadvantages involved with these models. Perhaps the most pertinent is that they are not suitable for people with 'deep exclusion' issues. Due to the close proximity to the mainstream labour market, social enterprises adopting the *profit-focused* and *employment* models tend to demonstrate more high-pressured environments compared to their counterparts using the *WISE* or *AWET* approaches. As such both approaches are unlikely to suit someone in the early stages of homelessness and therefore considered to be currently homeless according to the ETHOS typology of homelessness referred to in Chapter Two. They are more likely to suit people in secure accommodation that have any substance mis-use and/or mental health conditions managed and are therefore more 'job ready'. In essence, introducing a worker, with 'deep exclusion' issues, to a social enterprise, which competes along-side mainstream enterprises, before they are ready, has the potential to do more harm than good and could set someone back in their journey out of homelessness. Moving on, although social enterprises using the *profit-focused* and *employment - hybrid/complex* models demonstrate more decision making autonomy they miss out on the financial and human capital available to *embedded* homelessness social enterprises. The impact of this is the higher potential to fail during the initial phases.

The final disadvantage, which is linked specifically to the *profit-focused* model, is the focus of social enterprises adopting this model to focus heavily on the economic aim. This presents two major difficulties, first favouring the economic objective over the social mission could lead the organisation to 'mission drift' (Evers, 2001; Seanor & Meaton, 2007). This was first discussed in Chapter Three where it was suggested that social enterprises are in danger of moving towards traditional businesslike models because of a more favourable attitude to market-based solutions in the third sector (Dart, 2004). This is largely due to the filtering down of 'new public sector' management techniques from the public sector and to the third sector (Aiken, 2006; Jordan, 2010). It also means that the interests of homeless people may be not being considered a priority.

While mission 'drift' is a critical concern it may be argued that some social enterprises operating in the homelessness field have little choice but to adapt and change their working model if they want to employ *and* pay homeless people. If their aim is to pay all employees then the model needs to be focused on profit to fulfil the social remit. The changing tide of funding support is too precarious to rely on and therefore a more sustainable option must be sought in the shape of profit making activities. The issue of funding support for market-orientated social enterprises epitomises the condition of the third sector. Unless, of course, 'funding support' is taken as a euphemism for transfer payments from the state for services delivered not by markets but also not via public sectors needs based criteria.

Although the *profit-focused*, *employment* and *hybrid/complex* models demonstrate several challenges concerning the development of social enterprises seeking to generate employment and enterprise activities for homeless people they also offer a number of opportunities to confront the key issues outlined earlier in this Chapter. First social enterprises adopting these models have independent organisational structures and therefore are able to choose their legal structures. Evidence from the *homelessness social enterprise survey* indicates that social enterprises adopting this model usually adopt the CIC form, which sets out a clear definition of social enterprise and therefore challenges any definitional confusion. Moreover, there is the opportunity to follow social reporting guidelines, which again steers the direction of the social enterprise away from confusion regarding its nature. Autonomy also allows freedom to make business decisions outside the ideological constraints of being embedded in a parent organisation stimulating measured risk taking behaviours to promote growth and ensure sustainable income. Furthermore, social enterprises adopting these models employ homeless people with fewer support needs and therefore feature a more 'productive' and 'reliable' workforce to achieve optimal financial returns. Social support costs are also offset.

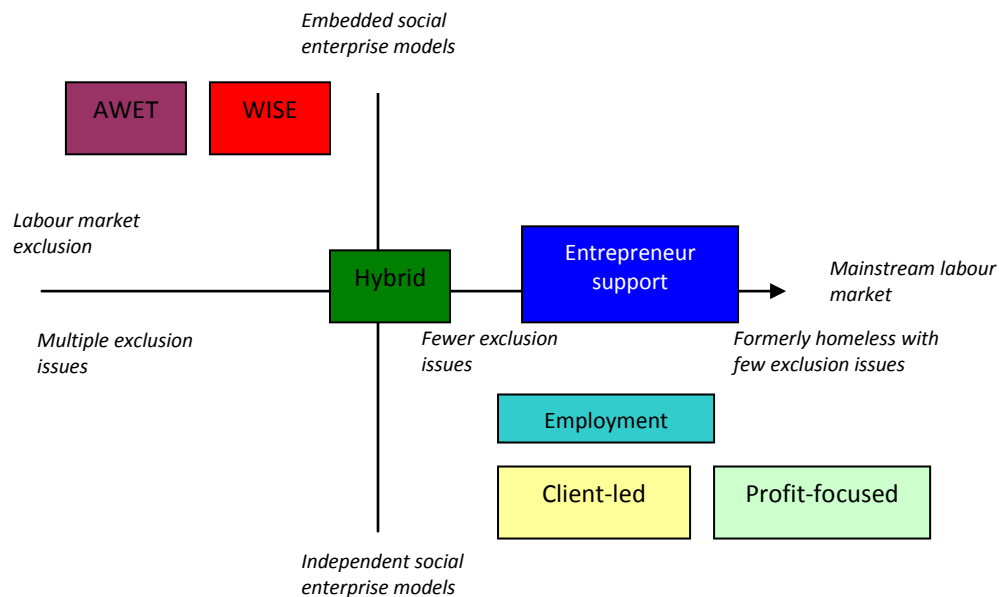
The final two challenges that social enterprises adopting the *profit-focused*, *employment* and *hybrid/complex* models confront is the volunteer versus paid employee issue and the 'quality' of job on offer. Obviously matters associated with 'exploitation' regarding pay are challenged due to the embeddedness of the social objective to provide paid

employment for homeless people. Unfortunately, however, this does not challenge any debate about the level of remuneration or the appropriateness of unpaid 'trial' periods. Second although all of the case study organisations associated with this study demonstrated paternalistic behaviour the *profit-focused* and *employment* models are seen as the most appropriate models to limit the potential for exploitation and dependence. This is largely related to the lower levels of support required by employees/trainees and autonomy from third sector organisations. Finally the 'quality' of job discourse is confronted where 'quality' is viewed as financial reward *and* highly skilled work opportunities. Again this is due to fewer social support needs of the workforce and autonomy from a host organisation. In this context social enterprises are able to choose market orientation where a higher skills set may be required and the possibility for high financial returns is increased.

8.3.4 'Ideal type' homelessness social enterprise models

Reflecting on the evidence presented above it is difficult to identify *one* 'ideal type' model of homelessness social enterprise. Indeed as Tables 8.1, 8.2 and 8.3 surmise, different models address different needs and 'meet' the challenges of addressing the employment and enterprise and consequent labour market exclusion issues of homeless people. Indeed some *embedded* social enterprises may more readily support the needs of the homelessness organisation hosting the social enterprise. However by drawing the elements of the models together and considering their 'appropriateness' for homeless people with different levels of exclusion and at various points in the homelessness pathway a typology of 'ideal types' of homelessness social enterprise can be arrived at. The following diagram (8.4) enables this conceptualisation and offers a conclusive point on which to view the challenges facing social enterprises in the homelessness field and their role in addressing labour market exclusion of homeless people.

Figure 8.4. 'Ideal' type homelessness social enterprises depending on levels of exclusion



The crucial evidence emanating from the diagram is that currently there are no social enterprises operating in the social enterprise field that are independent (from a host organisation, funding support and subsidy of some kind) and able to support 'deeply excluded' homeless people. Moreover, there is also an absence of social enterprise approaches that are embedded (nested within a host organisation) and offering assistance to people with *fewer* exclusion issues.

8.4 Conclusion

In conclusion, this Chapter has assembled the qualitative data and critical analysis associated with the empirical chapters of this thesis. The key challenges facing the development of homelessness social enterprise have been explored along with further examination of the various advantages and disadvantages of each model and how the models may address such challenges. The key contributions associated with this chapter are not only the investigative research into the positive and negative aspects of each model but fundamentally the research has shown that regardless of model type, the peer and professional networks and mental health of the employees/trainees have been enhanced. While this is presented as a core element of the social remit of homelessness

social enterprises it has been undervalued in consecutive governments 'back to work' policies and therefore should be a key element in approaches going forward. Finally this chapter has also highlighted a key finding suggesting that "gaps" in provision exist (see figure 8.4), as currently there are no social enterprises operating in the social enterprise field that are independent from a host organisation and able to support 'deeply excluded' homeless people. There is also an absence of social enterprise approaches that are embedded within host organisations and offering assistance to people with *fewer* exclusion issues.

CHAPTER 9: CONCLUSIONS: POLICY AND FURTHER RESEARCH IMPLICATIONS

9.1. Introduction

This final chapter draws together the conclusions of the research. The main findings are summarised in relation to the central research questions, which also includes a section (see 9.2.5) regarding the policy implications related to this study. A discussion detailing how the research has developed and contributed to knowledge follows before further research implications are explored.

Research on the connection between homelessness and labour market exclusion has paid little attention to the changing policy landscape towards social enterprise as a means to address the employment and enterprise needs of homeless people, despite notable exceptions (Teasdale, 2009a; Teasdale, 2010a; Buckingham 2010a; Teasdale *et al*, 2011). Research that has considered social enterprise has tended to focus on other vulnerable groups including ethnic minorities and former offenders (Sepulveda *et al*, 2010; Gojkovic *et al*, 2011). This research has sought to address this gap, and tried methodically, through multi-method analysis and engagement with critical realism to investigate the role of social enterprise in tackling the labour market exclusion of homeless people.

More specifically, this research has examined: the ways in which a lack of employment and enterprise activity feature in the causes and consequences of homelessness and crucially the demographic features pertinent to the relationship between homelessness and labour market exclusion; whether an 'appropriate' social enterprise or development strategy exists to promote employment and enterprise opportunities for homeless people; a critical exploration of different models of social enterprise, their relative characteristics and possibilities for replication; the sectors of the economy where social enterprises working in the homelessness field are more numerous; the economic, political and social factors that have contributed to the development of social enterprises working with homeless people; and finally the current and future role of social enterprises seeking to tackle the labour market exclusion of homeless people.

In terms of the approach of this research and how the study was guided theoretically, methodologically and empirically, the framework for the study concentrated on social enterprises operating in England. This was to allow the researcher to work within a manageable sample frame and to ensure depth rather than breadth of analysis. The researcher also adopted the use of two key definitions in order to situate the research. First, the ETHOS definition (European Federation of National Associations Working with the Homeless; see Chapter Two, section 2.2) was decided upon to incorporate a range of possible housing situations that could represent the participants. Second the UK definition of social enterprise (see Chapter Three, section 3.2.3) was used, first because the sample frame of the study included UK social enterprises and second, due to its loose definition, a variety of social enterprise forms could therefore be included in the study.

The decision to take a critical realist perspective on the subject of homelessness social enterprises and labour market exclusion had implications for both perspective and the choice of methods. The perspective has been to focus on the multidimensionality of homelessness and complex relationship with labour market exclusion and indeed the exogenous and endogenous processes associated with social enterprises as a means to address such exclusion. The researcher's epistemological position, concerning the critical realist approach was particularly effective for this research study because it enabled a more sophisticated theory of social causation to be arrived at and therefore ensured the study went beyond simply presenting superficial accounts of causality. Indeed the various *structures*, (i.e. unemployment) *mechanisms* (i.e. relationship breakdown) and *effects* (i.e. homelessness) of the causes of homelessness and labour market exclusion, and social enterprise as a response, were identified through critical analysis.

To achieve this, the approach was necessarily multi-method in nature, and included participant observation, the construction of a survey and corresponding telephone survey to inform descriptive qualitative analysis, case studies and documentary evidence (see Chapter Four). The number of methods supported engagement with a critical realist approach so that the social processes and mechanisms of the social world were not taken for granted but critically explored for depth and meaning. This required the researcher, routinely, not to make assumptions regarding homeless people and the utility of social

enterprise to address labour market exclusion prior to participant engagement and throughout the analysis and write-up process. Moreover, where assumptions were made by other stakeholders (about homeless people by other homeless people, social enterprise leaders and 'support' organisations for example) a process of critical exploration was also involved. This sequence allowed for "mental re-tooling in order to learn well enough to not simply fall back into any previously held assumptions, frameworks, and paradigms" (Smith, 2009). Phenomenologists refer to this process as the 'bracketing out' of presuppositions to achieve in the research a state of 'presuppositionlessness' (Bednall, 2006).

On reflection the use of the critical realist approach was more appropriate in relation to understanding homelessness than to the operation of homelessness social enterprises. The first limitation is that critical realism 'requires that the phenomena being studied, and the societies in which they are found, are subject to criticism' (Hammersley, 2009:1). However, trying to uncover 'true' representations of reality from those involved with the enterprises was difficult from several angles. First any form of 'criticism' by the participant (employee/trainee or social enterprise leader) could have affected their position in the organisation. Second their future development within the social enterprise and beyond (moving into mainstream employment and asking for a reference, for example) could also have been impacted. Third and attributable to *embedded* social enterprises with nested hierarchies was the potential for funding withdrawal from the support body, leaving the future of the social enterprise vulnerable.

The second limitation regarding critical realism is that it has the potential to leave analysis open to value judgements and normative statements about 'what is good or is bad, or what ought to be done' to emancipate someone (Hammersley, 2009:2). This led the researcher to decide on which homelessness social enterprise models were better suited to people depending on their level of exclusion and at different points of their homelessness pathway. While this led to the development of a key conceptual model (see figure 8.4 in Chapter 8, section 8.3.4) a 'critical' approach which focused on trying to diagnose defects within the case study organisations may have led the researcher open to 'value conclusions' (subjective opinion about a phenomenon) about their

undesirability to meet the employment and enterprise needs of homeless people. Indeed, a further key limitation of critical realism is that 'actual concrete patterns and contingent relations are unlikely to be 'representative' 'average' or generalisable (Sayer, 2000:21). In other words, without considering key features of the organisation objectively, generalisability about replication of homelessness social enterprise models and development strategies is problematic (Hammersley, 2009).

The third limitation concerns how critical realism allows for values and facts to be onerous, intermingled and hard to disentangle (Carlsson, 2004). However, collaboration with organisation theory (or one of its many subsets) for example, may have helped to demystify homelessness social enterprise organisations and deconstruct their development to re-build a frame of reference concerning their organisational strategy. This interdisciplinary approach may have uncovered deeper complexities within the organisational matrix of the social enterprises with regards to financial arrangements and employment practices and hierarchical relationships (Carlsson, 2004). Moreover, broader engagement with organisation theory could have addressed any normative questions about each model or development strategy's usefulness and focused on the feasibility of alternatives (Sayer, 1997). This may have been achieved through channelling focus on the culture of organisations and their structured activities, such as development plans, goal setting, team dynamics and relations to power (authority) and individual agency. Finally, further consideration of how activities were structured, such as the management between suppliers, distributors and customers as well as the interpretive processes of organisational stakeholders and how different departments relate to one another, may have been identified. This would have provided for both a technical and socio-cultural view of the organisations (Hatch, 2006).

9.2. Summary of Findings and Conclusions

The key findings that emerged throughout this study are presented below and set out in answer to the central research questions:

9.2.1. In what ways does an absence of employment and enterprise activity feature in the causes and consequences of homelessness?

The research has found that an absence of employment and enterprise activity features in both the causes and consequences of homelessness in a number of ways. The research evidence suggests that individual, interpersonal and structural factors interconnect throughout an individual's formative years and usually set the path for labour market exclusion to occur at an early age gathering pace and depth throughout the life cycle, with acute labour market exclusion becoming embedded in adulthood and working age. In most cases there was homelessness prior to job loss but this may just be a factor of the people interviewed for this study. It is fair to say that homelessness and labour market exclusion are inextricably linked, one quickly follows or pre-empts the other, mediated by other, various, causal mechanisms.

The study uncovered a number of individual and interpersonal aspects pertaining to labour market exclusion and homelessness. First traumatic childhood events including relationship breakdown, experiences of care and physical and sexual abuse had severe psychological effects on participants affecting their schooling and abilities to form bonds with peers, crucial elements to 'get on' in the work place (Chapter 5, section 5.2.1). The wider implications of these aspects were the negative impacts on mental health with many respondents diagnosed with a dual mental-health and substance mis-use issue. Less obvious personal effects associated with labour market exclusion were also reported such as the impact on the 'quality' of life of the participants, with people referring to isolation, stigmatisation and loss of social networks (Chapter 5, section 5.2.1).

Another factor was disrupted employment histories and redundancy in relation to time spent in prison or treatment for substance misuse, which severely limited respondent's access to the labour market. Evidence also suggested that 'patchy' work histories led potential employers to mistrust. Transport exclusion was another key aspect in the data excluding case study participants from the labour market in terms of distance of travel and access to car/public transport (Chapter 5, section 5.2.3).

The structural findings from the interviews with homeless respondents suggested that welfare system complexity and administrative bureaucracy were key aspects associated with labour market exclusion. The information regarding access to and use of benefits was found to be mis-communicated by Job Centre staff and benefit levels simply pay more than the low skill level jobs available to 'deeply excluded' and long-term unemployed people. Thus the impetus to seek and maintain employment was compromised. Benefit limitations placed on people regarding the number of hours they could work before benefit was affected (i.e. 16 hour rule) was also a key structural factor excluding homeless people from the labour market.

A further structural issue reported by the homeless respondents was the 'unsupportive' nature of public and voluntary agencies including social housing constraints. The evidence suggests that Job Centre's provide mixed advice about *how* benefits are paid and the *conditions* associated with accessing benefits to enable people to take on full-time work. (Chapter 5, section 5.2.3) As well as aspects associated with public support agencies, the evidence also highlighted that a lack of attention was paid to jobseekers to find suitable employment. These structural elements coupled with lengthy background checks on homelessness applications all featured heavily in the causes and consequences of homelessness and labour market exclusion (Chapter 5, section 5.2.3).

In summary, the evidence presented through the analysis of the homeless histories of the participants provides a wider view of the intricacies of labour market exclusion and homelessness. The research has found that complex relationships between individual, interpersonal (interaction and relationships between people) and structural factors

appear across the life cycle to initiate and embed labour market exclusion acting as both a cause and a consequence of homelessness.

9.2.2. What different models of social enterprise can be identified and what are their elements? Is there an 'appropriate' social enterprise model and/or organisational development strategy to generate employment and enterprise opportunities for homeless people?

This research has found that a number of social enterprise models are represented in the homelessness field. A crucial finding, however, is that there is no one single social enterprise model and/or organisational development strategy that generates employment and enterprise opportunities for homeless people. The 'appropriateness' of the model depends on organisational goals, the level of exclusion and where someone is in their homelessness pathway (Chapter 8, section 8.3.4).

While the social enterprise models under investigation exhibited a number of relative advantages and disadvantages, two findings emerged from the data on the case study organisations regarding the positive role of the social enterprise environment for homeless people. The first was the increase in peer and professional networks and the second the improvement of mental-health. The evidence was presented across all of the case studies and therefore no one particular model of social enterprise takes precedence over another regarding these *specific* aspects (Chapter 8, section 8.3). However, the following findings articulate the characteristics of each model and the 'appropriateness' to generate employment and enterprise opportunities for homeless people.

Seven models of homelessness social enterprise were compiled through in-depth investigation using case studies. The *WISE* and *AWET* models - demonstrated throughout the thesis by *The Lunchbox*, *Revitalise*, *Inspire* and *United Cafes* - were found to be the most prevalent in the homelessness sector according to the *homelessness social enterprise survey* assimilated for this study. The models are characterised as intermediary labour markets (Nyssens, 2006) where people undertake work experience and training. The models were also found to involve a trading activity that also has a direct social

impact where they have to deal with the trade off between producing a financial return and social impact. Moreover they are *embedded* in third sector organisations (Chapter 8, section 8.3.1).

The *WISE* and *AWET* models exhibited a number of advantages. Primarily the models were said to be 'safe' and 'secure' environments to undertake personalised training and work experience for homeless people with a view to entering the mainstream labour market at some point in the future. The embeddedness of the organisations also permitted social enterprises adopting this model to provide wider practical and social support needs to homeless people including substance misuse support programmes, counselling, CV development, job search, interview support and benefits guidance. Accommodating employment practices including flexible hours of work, informal interviewing practices and an 'open door' policy also added to the inclusionary approach of both models (Chapter 8, section 8.3.1).

The evidence presented also characterised the relative disadvantages regarding the *WISE* and *AWET* models. Firstly it showed that embeddedness limits the autonomy of the social enterprise in terms of being able to take financial and business associated risks. Secondly, the accounting and human resource departments are usually integrated, which presents difficulties around financial independence and raises concerns about transparency and accountability in terms of the social enterprises' responsibilities towards various stakeholders, homeless or otherwise. Moreover, legal forms were discovered as being integrated (charities that trade and CLG models) adding a further layer of ambiguity and complexity regarding organisational structure. The volunteer versus paid employee issue attributed to these models was also found to be prevalent, because such models do not provide paid employment in the homelessness field (Chapter 8, section 8.3.1). This highlighted concerns around the potential for 'exploitation' of homeless people where they were not being paid for their time. However, this is offset somewhat by remuneration through training and 'credit schemes' (Chapter 8, section 8.2.4).

Taking the relative characteristics, advantages and disadvantages of the *WISE* and *AWET* models into consideration the evidence found that while social enterprises adopting either model have the potential to assist people back into work these strategies are most 'appropriate' for individuals experiencing 'deep exclusion' and in the earlier stages of a homelessness pathway.

During the construction of the *homelessness social enterprise survey* and telephone survey the *entrepreneur-support* and *client-led* models - represented, as case studies throughout the thesis by the *Incubator Hub*, *Green Cycles* and *Media 4 All* - were uncovered as *emergent* social enterprise models in the homelessness sector. Both were found to share similar start-up positions; coached by a 'support' organisation. A crucial finding was uncovered regarding these models. Namely that while the *entrepreneur-support* model may assist a homeless person to set up an enterprise, the beneficiary does not have to follow the social enterprise form. The prevalent point is that the homeless person is supported into employment regardless of the 'moral economy' associated with doing so. On the other hand social enterprises associated with the *client-led* model *were* required to demonstrate a commitment to support homeless people embedded in the organisation's social aim. In addition the research also revealed that social enterprises adopting these models seek to generate *both* employment *and* enterprise opportunities for homeless people, this presents a new contribution to knowledge (Chapter 8, section 8.3.2).

While a number of key advantages and disadvantages were uncovered regarding the *entrepreneur-support* and *client-led* models (Chapter 8, section 8.3.2.) those deemed most important are summarised here. First, there is the advantage of a relatively flat organisational structure and the inclusive nature of the associated social enterprise environments. This was found to be particularly important for developing feelings of ownership and trust for homeless people who had previously been subject to discrimination and exclusion. Building on this finding are two further key advantages. First, social enterprises adopting the *client-led* model are led by formerly homeless individuals with tangible experience of homelessness and therefore understood the importance of trust, individual agency and the associated problems for some people (not

all) living chaotic lives, involving, perhaps, substance misuse. Second, both models permit homeless (and housed) people to set up businesses, with a mutual element permitting the development of businesses with a sense of accountability to other vulnerable people. Finally while both models may lend themselves as constructs that support social enterprises looking to employ and train multiple excluded homeless people (due to the focus on the social aim and social support) the running of such enterprises would be more suited to those individuals who have secure accommodation and a managed mental health and/or substance issue and are looking to start-up their own social enterprise.

The fundamental characteristics of social enterprises adopting the *profit-focused* (an *emergent* model uncovered by this research), *employment*, *hybrid/complex* models - *Premier Crew* and *New Start* have represented these models throughout the thesis - were also unearthed during the research (Chapter 8, section 8.3.3). They were found to be largely under-represented in this study's *homelessness social enterprise survey*. The key finding uncovered in this context was the commitment to turn a profit and pay all employees, homeless or otherwise. This largely challenged the discourse around the volunteer versus paid employee debate. Furthermore social enterprises adopting the *employment* approach offer homeless employees zero hour contracts and flexible working conditions, which do not interfere with benefit restrictions (i.e. the 16 hour work rule) thus providing flexibility to those with caring responsibilities and travel limitations.

However the caveat with social enterprises associated with these models is that they operate in pressurised environments, which mimic the mainstream labour market as far as possible and therefore can be stressful environments for some (not all) homeless people who have chaotic lives. The evidence presented therefore suggests that these enterprises *are not* as suitable for people who require high levels of support and are in the earlier stages of homelessness.

9.2.3. What sectors of the economy are homelessness social enterprises found in and what are their key characteristics?

Social enterprises were found to be most prevalent in the services sector. For example, retail, recycling and reuse and catering are dominant social enterprises of choice in the homeless field. The key finding in this regard, however, is the *hybridity* of most social enterprises concerning how they also operate across sectors. For example in the public sector across education, training and housing support.

The evidence drawn from the *homelessness social enterprise survey* found a number of elements to provide a 'scoping' picture of the social enterprise environment in the homeless sector. The elements uncovered included: definitional confusion, geography, sector breakdown, social objective, organisational form, legal structure and ownership. Uncovering these characteristics has provided understanding of the diverse and rich nature of social enterprises in the homeless field (Chapter 6, section 6.2).

With regard to the key characteristics of social enterprises, a clear theme emanated from the data regarding social enterprise definition (Chapter 6, section 6.2.1). In this regard the main issue concerning the case studies was widespread confusion as to the charity element / related social aims and entrepreneurial activities associated with social enterprise. Using Dees and colleagues (2001) *Social Enterprise Spectrum*⁸⁷ as a guide, the key finding suggests that the case study organisations were represented *across* the social enterprise sphere with regards to definition. Three 'ideal types' were found. First social enterprise as purely philanthropic, with emphasis on social value creation; second, hybrid social enterprises with mixed social and economic focus; and third purely commercial social enterprises, although with the caveat of being not-for *private* profit⁸⁸. Although the Social Enterprise Spectrum is helpful to conceptualise the case studies, in reality the case studies did not fit these terms entirely. This further highlights the complex reality of what social enterprise is and does (Teasdale, 2010b). This meant that the organisations

⁸⁷ See appendix 5.

⁸⁸ See Chapter 6, footnote 60.

mediated between being a *project* looking to support homeless people back to work and an *enterprise* generating profit to support other associated social and economic aims. Moreover, those adopting *embedded* models were less clear as to their general motives, methods and goals compared to those *independent* of host organisations (Chapter 7, section 7.5.1).

In terms of geography social enterprises operating in the homelessness sector were found in higher concentrations in London (Chapter 6, section 6.2.2). Wider evidence gathered throughout the initial literature research led the researcher to the conclusion that this could be to do with two factors. First the greater prevalence for market demand. Second that resources and advice were more easily accessible through support agencies such as Social Enterprise London and Social Enterprise UK. But fundamentally it was difficult to 'generalise' from the data regarding this feature of homelessness social enterprises except to say that with the statistics available; the greater the need for support the higher number of social enterprises are located in that region.

The evidence pertaining to the primary social aim suggested that the most significant way in which homeless people are supported is through work experience and training, followed by employment and then soft skills and support. This evidence is closely related to the organisational structure of the social enterprises (Chapter 6, section 6.2.5). Embedded social enterprises in general offer work experience and training and are the most dominant in the sector. Whereas *independent* (from a host organisation) social enterprises focus on the employment of homeless people as the primary social objective and therefore come in second to *embedded* social enterprises. This is due to the various issues around generating 'enough' 'surplus' to pay employees, which is difficult to do when the labour force requires higher levels of social support and may be unreliable, which in turn may impact on productivity (Chapter 8, section 8.2.2). This may suggest why social enterprises that have employment as a *primary* social aim are underrepresented in the *homelessness social enterprise survey*.

Other key findings regarding the organisational structure of social enterprises in the homeless field concerned their financial hybridity (Chapter 6, section 6.2.5). First enterprises can be fully self-sufficient or rely on funding grants, parent support or a mixture of both. The majority of organisations, however, adopt a hybrid mix of support from a parent organisation as well as funding grants and income from trading. The second fundamental finding is that employees can be full-time, part-time, volunteers, undertaking work experience for short or long periods of time or on zero hour contracts (so they may fit work around other commitments such as childcare or medical treatment). Also the “employer” is not obliged to pay any minimum number of hours. In reality, it was found that many homelessness social enterprises employ all of the above methods to run their operations.

Legal structure was found to be a key area of complexity regarding homelessness social enterprises (Chapter 6, section 6.2.6). A number of legal formats were discovered, including, Charitable Trust, Community Interest Company (CIC), Company Limited by Guarantee (CLG), Company Limited by Shares (CLS), and an Industrial and Provident Society. Some fledgling social enterprises may be unincorporated. However the evidence indicated that social enterprises are predominantly represented by the Charity/CLG legal structure. Again this is in keeping with embedded social enterprises and their dominance across the sector as a whole.

The most dominant form of ownership and control of the social enterprises was found to be through control by a charity, followed by managing directors and then those social enterprises that have complete ownership autonomy and demonstrated clear mandates towards the homeless people being represented as owning *and* having significant control over operating activities. The crucial finding in this context is that the majority of social enterprises operating in the homeless field are set up, owned and controlled predominantly by people with professional understanding of homelessness but without any personal experience of homelessness. The implications being that the finer nuances of the employment and enterprise needs of homeless people are under-represented in social enterprises working in the homelessness sector.

9.2.4.) What economic, political and social factors contribute towards the opportunities and constraints of homeless social enterprises?

The research evidence presented a number of issues associated with the development of homelessness social enterprises. First exogenous economic factors owing to the recession (Chapter 7, section 7.3). The 'triple threat' - the decline in commercial contracts, weak consumer spending and decline in charitable giving - was uncovered as a key issue facing the development of homelessness social enterprises. The impact was that some social enterprises were unable to take on more homeless people to employ and train. In addition, the 'warehousing' effect - where the social enterprises struggled to move individuals on or through their programmes because of too few jobs in the mainstream labour market and lack of affordable accommodation - was also identified as a consequence of the recession.

Second exogenous political factors, including, legislative pressure regarding both current and new policies was also a critical finding regarding development of social enterprises in the homeless sector (Chapter 7, section 7.4). Issues were raised around how employment, tax and benefit changes would impact the operating mechanisms and wider support activities of the social enterprises. There were two important points emanating from the case studies regarding legislation. First the detrimental impact of major benefit reforms for example, cuts in existing benefits such as Jobseekers Allowance, Employment and Support Allowance, Income Support and Housing Benefit and streamlining in favour of Universal Credit (Chapter 7, section 7.4.3). The data on reductions in statutory funding suggests that there are a number of negative impacts on social enterprises operating in the homelessness sector. The loss of programmes such as *Supporting People* and *The Future Jobs Fund* threaten social enterprise resources. This means that they may not be able to work with people experiencing multiple exclusion issues and therefore in some instances not meet the social aim of the organisation. Secondly reforms targeted towards small businesses, encompassing social enterprise requiring them to offer the same rights and conditions (pensions, healthcare etc) as bigger private enterprises. This could impact social enterprises in terms of their abilities to offer flexible modes of employment for

people that require additional practical and emotional support in the workplace (Chapter 7, section 7.4.5).

Beneath the complexities associated with the more *practical* elements of new policies these elements are all purported by the Coalition government's Work Programme to reform 'Welfare to Work'. Localism and support into work has long been the domain of the third sector but evidence from the case studies shows that where statutory funding has been reduced some of the social enterprises have been forced to apply to the Work Programme to offset their funding losses but have been unsuccessful. This means they are required to do the same work but without support from government funds and they have been put under the pressure of the funding application process at a time when resources are already constrained (Chapter 7, section 7.4.4).

While the research evidence above is presented in terms of factors exogenous to social enterprises, endogenous social issues also shaped the development of homelessness social enterprises. The research evidence uncovered a new phenomenon in terms of the 'accidental' social entrepreneur, which builds from Dees *et al* (2001) typology of the 'traditional' social entrepreneur. The 'accidental' social entrepreneur⁸⁹ was unearthed as someone who demonstrates all of the facets of a 'traditional' entrepreneur⁹⁰ but did not self identify as one and went a step further in their pursuit of social justice. Crucially this incorporated both homeless and non-homeless respondents. They are a distinct feature in the shaping and development of the case studies associated with this study.

Strong team dynamics and the ability to join and build relevant networks as well as illustrating the ability to innovate and diversify incrementally were all key facets motivating and shaping the development of homelessness social enterprises. Indeed it is these endogenous factors that appear to buffer against the more challenging exogenous

⁸⁹ Defined as somebody who did not self-identify as a social entrepreneur (according to the Dees *et al*, 2001, model) when asked about his or her professional background and considered them self as 'stumbling' into the role rather than actively pursuing it.

⁹⁰ The term is inclusive of ethical entrepreneurs (e.g. Anita Roddick) and philanthropists (e.g. Joseph Rowntree)

elements influencing the scope of social enterprises working to employ, train and support homeless people.

9.2.5.) What is the current and likely future role of homelessness social enterprises: policy and research implications?

The following discussion regarding the current and future role of homelessness social enterprises, pertinent to the development of policy and practice, is drawn from the examination of the *challenges* facing organisations working in the homeless field. These challenges were identified through the empirical chapters of this thesis and are presented below to develop understanding of the microelements informing the future development of social enterprise models and approaches.

Developing definitions

A defining characteristic associated with homelessness social enterprises is definitional confusion. Evidence presented throughout the thesis (Chapter 3, section 3.2.3; Chapter 6, section 6.2.1; Chapter 8, section 8.2.1.) suggests that academics, practitioners and policy makers appear locked in a paradigm war, where no common understanding of the definition of social enterprise has been reached. While this may not be helpful to inform policy, what this study has attempted to show is that the development of definition can ease other areas of confusion for social enterprises in general and more specifically ones operating in the homeless field. First clearer definition would enable organisations to decide on their own legal structure, if autonomous, during start-up. In fact one may even inform the other. For example, this study has shown that autonomous social enterprises adopting the CIC legal structure signed up to a clear set of guidelines and therefore came to understand to some degree what their purpose was. While the CIC model is not immune to some limitations, such as forcing social enterprise approaches into an isomorphic 'cage' and therefore confining their innovative capacities, with modification, the CIC approach provides a level of clarity regarding structure and purpose, which is critical during start-up and thus fundamental in the future development of social enterprises. Moreover for the social enterprise sector as whole, clearer definition seeks

to guard against people claiming to operate social enterprises that in reality are for-profit enterprises functioning under the guise of a social cause and ostensibly private organisations who claim to give a portion of their profit to charitable causes without declaring in their yearly reports what that proportion is. An argument was also presented to suggest that a more succinct conceptualisation of social enterprise could help to inform social reporting mechanisms as a means to identify 'true' social enterprises from private enterprises with CSR programmes. However, although CSR programmes are also a way of expropriating the 'social enterprise' brand, this approach is at least a bona fide means for open private corporations to market themselves sympathetically.

Balancing the economic and social objective: creaming off those easiest to support

Negotiating the tensions between the social and commercial considerations was presented in the data as a major challenge facing the future development of homelessness social enterprises (Chapter 8, section 8.2.2). While all social enterprise leaders recognised the disparity between the social and economic objective many - particularly those embedded within a support organisation and therefore in receipt of fairly stable funding stream - actively favoured the social mission. There are two dangers associated with social enterprises when trying to balance economic and social tensions. First some *embedded* social enterprises were more likely to select employees/trainees with less support needs than recommend those hardest to reach to take part in employment programmes. Second, *independent* social enterprises actively changed their employee structure to include less homeless people and more 'mainstream' workers. Therefore, causing the need to readdress the initial social goal of the organisation (to support homeless people with 'deep exclusion' issues) in order to safeguard the future of the enterprise and increase productivity.

Although there are no easy solutions to these issues, the evidence highlighted that 'creaming off' and 'mixing' workforces are both important strategies to reassert the balance between the social and economic objectives. Moreover, the findings also uncovered two further strategies seeking to alleviate the tensions. First the use of hybrid funding sources to secure financial sustainability (Teasdale, 2012) and capitalising on

social aims (to employ and train homeless people) to gather public support. This provides evidence that balancing the social and economic aims can be harmonious. These findings were also supported by a recent study by Teasdale (2012).

The social enterprises are doing what they can to survive and continue operating and although the contract culture associated with the Work Programme has forced competition into the sector it has not stifled innovation, if anything it has encouraged social enterprises to innovate to sustain funding. However there is the question of whether service quality is reduced. In this context, the fundamental issue facing the future development of homelessness social enterprises is that if they are required or seek to compete in mainstream markets then some level of inevitability should be accepted regarding the compromising of certain social objectives. It is, in essence, the fundamental contradiction of the private market versus the public needs (or the 'enterprise' versus the 'social').

'Paying' homeless people regardless of support needs

A further role regarding the future of social enterprises is the matter of addressing the volunteer versus paid employee issue (Chapter 8, section 8.2.4). The evidence presented in this thesis suggested that *embedded* social enterprise seeks to mimic the mainstream labour market as far as possible. Indeed in the wider social economy intermediary labour market organisations achieve this because they emulate all employment practices, as well as pay individuals for their time. This is *not* the case in the homelessness sector. Therefore it may be argued that the future for *embedded* homelessness social enterprises is to work on more sustainable income strategies to look towards paying individuals for the work undertaken. This would also address the issue of ensuring that the hardest to reach are treated the same as those individuals who are employed and crucially receive financial remuneration from autonomous social enterprises who compete in mainstream markets. The development of autonomous social enterprises should also be encouraged to ensure that there is a 'stepping stone' of opportunity for 'deeply excluded' homeless people when they are ready to move on from intermediary work experience but not quite ready for mainstream employment. It is important for policy makers to be aware,

that while full employment may be a goal for the population, the mainstream labour market is not always suitable for some people with complex support needs and chaotic lives. Again, a degree of compromise regarding certain social objectives is an inevitability regarding the future development of social enterprises working in the homeless field.

Sustainability

Reminiscent of small and medium sized enterprises in the private sector, social enterprises are time and resource poor; particularly autonomous enterprises that are not supported by a parent organisation. There are various challenges to sustainability such as securing income, the lack of human resource management, and technical expertise, particularly around information technology, advertising and marketing. This makes it difficult for enterprises to grow and develop. The implications for policy development are critical on a number of levels. First is to pay more attention to social enterprise as part of the wider small business community. Recognising that any legislative changes such as the unification of pay and conditions in the labour market will severely limit the financial capabilities of social enterprises to employ and train homeless people. Second is that a balance needs to be struck regarding policies focused on the demand and supply side elements of the labour market. As Chapter Two highlighted consecutive government discourses have focused on the supply side of the labour market, focusing on individual's access/achievements related to education and training, employment history and caring responsibilities. There has been little focus on demand-side factors, affecting the 'quantity and quality of jobs in the local labour market' as well as the 'nature and extent of segmentation of the job market' and the opportunities that exist for vulnerable people (Syrett & North: 2008:108). While the Sparklers initiative may have prompted the growth of homelessness social enterprises what is needed now is a 'wrap around' approach to policy from supply and demand side areas, which is focused on sustainable support for social enterprises working with homeless people, particularly if the government is keen to use social enterprise as a means to deliver public services. Further exploration of that relationship is required.

The policy and research implications discussed above provide a frame of reference concerning the future development of homelessness social enterprises at the micro level. Drawing on the elements presented in Chapter Six, which ‘scoped’ social enterprises working in the homeless arena, the following factors identify what may be required for further leading edge developments. One could argue future approaches should have more autonomy, streamlined legal structures, branching out into more sectors of the economy, which take a wider view of stakeholder value. The *profit-focused* and *client-led* models identified in this study’s survey go some way towards meeting these elements. However, it seems arbitrary to label a particular type of social enterprise model more ‘successful’ or otherwise. Instead the focus of social enterprise should be on their social impact i.e. the impact on a homeless person’s life that is now in accommodation and has a regular income. While this may be true, without profitability and a gradual reduction in third sector funding, the social objective may not be met regardless. This is where the balancing strategies (see Chapter 8 section 8.2.2.) with regard to the economic and social logics are crucial to the future sustainability and social remit of homelessness social enterprises.

Taking the above conclusions into account the main argument that has been developed throughout this thesis is that social enterprises operating in the homeless field *do* play a role in generating employment and enterprise opportunities for/with/by homeless people. They achieve this through a number of models and strategies and, as such, there is no ‘one-size fits all’ approach or strategy that can be arrived at. This makes homelessness social enterprises both ambiguous and complex. Furthermore, the relative advantages and disadvantages of the various models have been presented as a guide for third sector organisations to identify which approach may suit both their requirements and fundamentally those of the homeless people they endeavour to support. Moreover, evidence has been presented to suggest that due to the holistic approach of such models people with ‘deep exclusion’ issues can be supported into employment. The following discussion considers these points in more depth through identifying where specific contributions to knowledge have been sought.

9.3. Contributions to Knowledge

The contribution of this research to knowledge has been accomplished through six main ways. First it has sought to draw together and critically explore the various causal and consequential factors related to homelessness by examining their relationships to one another and in a wider social context. Furthermore, a conceptual framework for understanding the causes and consequences of homelessness has been presented by the researcher, with specific attention given to labour market exclusion. The term “labour market exclusion” has been used to provide a more holistic account of the various individual, interpersonal and structural barriers to employment that many homeless people face. This broadens the meaning of unemployment to include issues around social exclusion.

Secondly, building on Levitas’ life cycle study (2007) a typology of labour market exclusion is presented (Chapter 5, section 5.2, figure 5.1) as a set of elements that can trigger homelessness at any point in an individual’s life cycle. The identification of a multifaceted relationship between employment, exclusion and homelessness - something that is largely un-operationalised in existing work - and incorporation of this dimension into the labour market exclusion typology seeks to further enhance knowledge regarding the complex causal connections between labour market exclusion and homelessness. Although there is potential to develop this typology further, it is deemed a sound starting point to explore labour market exclusion and homelessness and provides an entry point at which to introduce social enterprise as a means to address the employment, enterprise and wider social needs of homeless people.

Thirdly, this research comprises a detailed qualitative exploration of the social backgrounds including the employment histories of a purposively sampled cohort of homeless and formerly homeless people. However, perhaps more significantly, an examination of the experiences of the homeless people *and* various leaders of the social enterprises has been conducted.

The fourth contribution is evident in the empirical investigations. The *homelessness social enterprise survey*, constructed by the researcher for this study, is the largest (at the time of writing), longitudinal survey (2009-2012 inclusive) of its kind in England. Although a number of social enterprise surveys already exist, including a couple which are homelessness specific, the survey is unique to social enterprises with the primary aim of providing employment, enterprise and training opportunities for homeless people. Furthermore the survey has provided for the identification of seven models of social enterprise, including a number that are new and several which have been developed and expanded due to this research, building on the work of both Alter (2007) and Teasdale (2010a). The benefits of the analysis of the survey in terms of geographical mapping, trading activity, primary social aim, legal structure and ownership as well as size of organisation and profit disclosure create a powerful data source. The survey is also one of the first to officially 'scope' the detailed elements of social enterprises working in the homelessness field.

The research has also sought to contribute theoretically to new knowledge about the nature of social enterprise models in general and specifically those operating in the homelessness sector. Social enterprises are currently broadly defined, and although strict definition may lead to isomorphism, definition is required to enable social enterprises to monitor their activities for accountability purposes (Arthur et al, 2006). By constructing the definition of 'homelessness social enterprises' (Chapter Six, section 6.3), it is felt that social enterprise as a form acquires a more sector specific nature, taking account of the particular ambiguities and complexities associated with social enterprises operating in the homeless field. Furthermore, as Lyon and Sepulveda (2009) suggest, research on current models of social enterprise is limited, does not use longitudinal analysis and is at best anecdotal. In response this study has examined existing models of social enterprise in the wider third sector and specifically in the homelessness sector with a view to detailing their characteristics, benefits and challenges. The models have been assembled in a distinctive typology, which details the different exogenous and endogenous factors that influence the position of each model in the grid and ultimately their autonomy from parent organisations situated in the third sector.

The final contribution derives from being able to use the detailed case studies and the individual accounts from participants to propose evidence based policy recommendations that would address the current and likely future role of social enterprise as a policy response to meeting the employment and enterprise needs of homeless people. As such, the research makes practical suggestions as to how social enterprise development strategies could be improved and connects more successfully with the employment needs and wider social/economic aspirations of homeless people.

9.4. Further Research

The following matters are deemed to be the ones of most practical and / or theoretical significance concerning future research.

The first idea is derived from the limitations of this research. Firstly, while the multi-method and multi-case study approach was appropriate to glean as much data as possible concerning the social enterprises and their respective models it is felt that more attention could be paid to looking at the positive aspects of the social enterprise environment for homeless people. This would involve a different variation on the theoretical approach and a new methodological angle.

Second would be greater engagement with critical theory, as a whole, to develop a theoretical framework addressing the layered social reality (cultural, political, social, institutional and economic spheres) of labour market exclusion and homelessness. The approach could adopt an action research methodology to actively include homeless people throughout the research but also in the delivery of results, suggestions for policy and practice and any on-going projects/programmes associated with the findings of such as study. Perhaps a smaller number of case studies could be generated. For example two ethnographies could be undertaken, one in an *embedded* social enterprise and one in an *autonomous* social enterprise to learn about the environment from the perspective of the homeless people over time and present more in-depth critically analysed accounts of people's experiences in the social enterprise sphere.

Moreover there is potential for research that provides access to people that had been involved with a social enterprise and finding out what followed next in their lives, i.e. extended work in another social enterprise, mainstream employment, further education, continued unemployment or relapse. This would enable the researcher to take a truly longitudinal approach to explore why people moved on from the social enterprise, the 'outcomes' and potential future impacts of social enterprise. Not only would this assist academic research and practitioner responses but could also inform any 'evidence based policy' developments.

The second area would focus on the engagement with multiply excluded homeless people and those 'hardest to reach'. The current study lent itself to understanding the perspectives of homeless people already on a pathway to social inclusion. Many were already placed in housing and had a managed mental health / substance mis-use issue. However engagement with those 'hardest to reach', such as those individual's sleeping 'rough' and people not formally engaged in any support programmes, through day centre, hostel access and outreach work could provide better understanding of their lives, their capacity to work and at what point establishing contact and the ways in which to make contact with social enterprise might work.

The third and final area that was touched on in this study but requires more focused examination is the existence of links between mental health problems and labour market exclusion and the causes and consequences of homelessness. Moreover such research could include the potential of social enterprise as an environment to improve mental health for homeless people. Having focused this thesis on the area of labour market exclusion of homeless people and social enterprise as a response, and owing to the large volume of data, the issue of mental health was not pursued in any depth, both from homeless individual's perspective but also from those managing the social enterprises. However, all respondents reported some level of mental health issue, so it would be important to explore how well mental health was understood in the social enterprise environment and in the general matrix of labour market exclusion as a whole.

Overall this research shows that the labour market exclusion of homeless people usually occurs early on in the lifecycle and is embedded over time through various individual, interpersonal and structural elements. To address this social condition, the findings conclude that social enterprise has a clear role in addressing the labour market exclusion of homeless people. The evidence suggests that this is achieved through a number (seven) of *existing* and *emerging* models, including work integration social enterprises (some with an accommodation element) *embedded* within support organisations. Profit-focused and hybrid models, *independent* from support organisations, which provide paid employment to homeless people, and entrepreneurial models, which develop the entrepreneurial abilities and self employment of homeless people. Organisations adopting these approaches have been found to occupy different sectors of the economy, across public, private and third sector spheres and provide a wide variety of (predominantly service sector) jobs.

The social enterprise models presented through this study's findings also indicate that they adopt different legal forms, however, most commonly adopt the Charity/CLG model due to their affiliation with a support organisation. In this context it was also found that most homelessness social enterprises are not yet able to operate without support from a host organisation. Instances of homelessness social enterprise were found to be increasing throughout the course of the study but clear challenges regarding their development were found. First from exogenous economic and political forces, such as the economic and housing recessions, reduction in statutory funding and new government policies around employment and tax law putting added pressure on small business survival. These development challenges were mediated by factors endogenous to social enterprises such as the adoption of hybrid funding mixes, innovative and diverse business practices and affiliation with a number of institutional, professional and social enterprise specific networks. Also various advantages and disadvantages of each model were uncovered, which critically highlighted that some approaches were better suited than others to assist homeless people into employment and enterprise, especially those experiencing 'deep exclusion' issues. For example, *embedded* models (nested within a support organisation) were more suited to people with multiple exclusion issues due to

the high levels of social support available. Whereas *independent* models suited people with fewer support needs, with some education and training and closer to the mainstream labour market.

Given the evidence presented above homelessness social enterprises should be afforded more attention on the academic landscape. Moreover if the role of social enterprise is to be properly understood and operationalised it should not be a side element of existing research or confined to business and management studies but should take a central and integral position in all homelessness research. It should be seen as the responsibility of all stakeholders (i.e. academics, practitioners, policy makers, civil society organisations and those with experience of homelessness) involved in homelessness research and related activities to take forward research in this area.

Based on the evidence presented throughout this thesis, the key findings of this study could be taken forward by stakeholders to ensure that homelessness social enterprises continue to grow, thrive and become sustainable in the long-term. The following discussion outlines these priorities.

First is to develop further the homelessness social enterprise definition, to ensure balance of the social and economic aim is achieved as far as possible during inception. This may limit mission drift and guard against for-private enterprises operating and potentially profiteering under the social enterprise form. Second, stakeholders may focus on developing homelessness social enterprise models and strategies that are independent from support organisations but still able to support people with multiple exclusion issues. This may require more focus on uncovering the diverse funding strategies used to bed-in the sustainability of these models. Also autonomous social enterprise could be developed to support those with fewer exclusion issues to act as a 'stepping stone' to 'mainstream' employment.

Third and related to the issue of the development of homelessness social enterprise models and strategies could be a commitment from embedded enterprises to pay homeless people for work undertaken. This would promote equality and bring homelessness social enterprises in-line with other sectors of the economy that pay all employees. Fourthly and finally, a note for policy makers to view homelessness social enterprises as part of the wider small business community and to be mindful of how regulatory changes such as unification of pay and conditions could affect growth and sustainability of enterprises working in the homeless field. Renewed focus on the demand and supply side aspects of the labour market could also be a priority for policy makers. This may include reintroducing Government funding for a new round of the *Sparklers* initiative to develop homelessness social enterprises as well as focusing on training and skills levels of the labour force. This coupled with 'wrap around' policy focus across policy spheres (housing, homelessness, health, education, business) may help to secure and develop the future of social enterprises working in the homelessness field.

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APPENDICES

Appendix 1: ETHOS - European Typology of Homelessness and Housing Exclusion

Table One: Categorises homelessness situations (adapted from Edgar et al, 2005).

Operational Category	Living Situation	Generic Definition
<u>Roofless:</u> 1. People living rough 2. People in emergency accommodation	1.1 Public space or external space 2.1 Night shelter	Living in the streets or public spaces, without a shelter that can be defined as living quarters People with no usual place of residence who make use of overnight shelter, low threshold shelter
<u>Houseless:</u> 3. People in accommodation for the homeless	3.1 Homeless hostel 3.2 Temporary accommodation 3.3 Transitional supported accommodation	Where the period of stay is intended to be short term
4. People in Women's shelter	4.1 Women's shelter accommodation	Women accommodated due to experience of domestic violence and where the period of stay is intended to be short term
5. People in accommodation for immigrants	5.1 Temporary accommodation / reception centres 5.2 Migrant workers accommodation	Immigrants in reception or short term accommodation due to their immigrant status
6. People due to be released from institutions	6.1 Penal institutions 6.2 Medical institutions (drug rehabilitation or psychiatric care for example) 6.3 Children's institutions/homes	No housing available prior to release Stay longer than needed due to lack of housing No housing identified (e.g. by 18 th birthday)
7. People receiving longer-term support (due to homelessness)	7.1 Residential care for older homeless people 7.2 Supported accommodation for formerly homeless people	Long stay accommodation with care for formerly homeless people (normally more than one year)
<u>Insecure:</u> 8. People living in insecure accommodation	8.1 Temporarily with family/friends 8.2 No legal (sub)tenancy 8.3 Illegal occupation of land	Living in conventional housing but not the usual or place of residence due to lack of housing Occupation of dwelling with no legal tenancy illegal occupation of dwelling Occupation of land with no legal rights
9. People living under threat of eviction	9.1 Legal orders enforced (rented) 9.2 Re-possession orders (owned)	When orders for eviction are operative Where mortgagee has legal order to re-possess
10. People living under threat of violence	10.1 Police recorded incidents	Where police action is taken to ensure place of safety for victims of domestic violence
<u>Inadequate:</u> 11. People living in temporary / non-conventional structures	11.1 Mobile homes 11.2 Non-conventional building 11.3 Temporary structure	Not intended as place of usual residence Makeshift shelter, shack or shanty Semi-permanent structure hut or cabin
12. People living in unfit housing	12.1 Occupied dwellings unfit for habitation	Defined as place of habitation by national legislation or building regulations
13. People living in extreme overcrowding	13.1 Highest national norm of overcrowding	Defined as exceeding national density standard for floor-space or usable rooms

Appendix 2: Historical Overview of Post-War Housing Policy (Short, 1981; Malpass, 2005)

PERIOD	POLICY OBJECTIVES
1940s-1950s: short-term versus long-term policy objectives <i>Labour government</i>	<ul style="list-style-type: none"> The National Assistance Act 1948 recognised the need to house homeless people Local authorities focus on slum clearance and associated re-housing Short-term housing measures (dwellings requisitioned, premises converted & repaired, and prefabricated homes constructed) guided policy throughout the post-war years There was no national plan constructed for housing as there had been for education and health Public sector housing introduced as a longer-term solution Local authorities encouraged to sell off council houses and provide funds for house purchases Lapse of housing standards as private sector ignore recommendations of the Dudley Report on Housing Standards
Towards the 1950s <i>Conservative government</i>	
1960s: Failure of the private sector <i>Labour government</i>	<ul style="list-style-type: none"> Labour government keen to strengthen the private rented sector and encourage investment in housing stock The 1965 Rent Act was the first policy solution which sought to ensure fair rents for all. However, wide variations in rent levels still occurred between different areas The 1969 Housing Act, incorporating the 1965 White Paper, encouraged investment in the private rented sector, increased the level of house improvement grants, and introduced general improvement areas (GIAs)
1970s: Continuing the trend of owner-occupation <i>Conservative government</i>	<ul style="list-style-type: none"> Further reduction in council housing Increased grants for GIAs, private rehabilitation schemes instead of municipal redevelopment of housing and reinforcement of home ownership through a 100 per cent mortgage option Local authorities encouraged to sell council houses and building societies and given a grant by government to keep interest rates down to encourage borrowing Policy shift in 1973 White Paper, which expanded role of the Voluntary Housing Sector and housing associations Repeal of 1972 Housing Finance Act Stop of the automatic transfer of controlled rents to regulated rents Extension of security of tenure to tenants of furnished accommodation New system of housing investment programmes 1977 Housing (Homeless Persons) Act, which defined 'homelessness' as a distinct term. The Act followed the TV drama documentary <i>Cathy Come Home</i> (1966), the launching of Shelter (1966) and the Greve Report (1971), all of which positioned homelessness as a political issue
Labour government	
The 1980s and 1990s: Home ownership: a success story? <i>Conservative government</i>	<ul style="list-style-type: none"> Housing Act (1980) 'right to buy' scheme. Local authority tenants gain the right to buy their accommodation, at discounted market rates, depending on the length of their occupancy Successive governments present a dualist housing model of home ownership as a success story and council housing as 'last resort' tenure This resulted in a housing policy which for the majority consisted of measures designed to maintain a functioning private housing market, while for the minority (those permanently or temporarily excluded from the market) there was an increasingly segregated, residualised and stigmatised social rented sector
Current position <i>Conservative-led Coalition government</i>	<ul style="list-style-type: none"> Restructuring of the social rented sector, through the transfer of stock from local authority ownership and control into the hands of independent or semi-autonomous bodies. New house building left largely to private enterprise New social housing to be secured from the private sector Localism Bill: Homeless duty (124-125). Removal of the need to obtain the applicant's agreement in order to discharge the homelessness duty with an offer of private letting with a minimum 12 month fixed term; issues of lack of security of tenure; poor quality accommodation and higher rents; Flexibilities tenancies (130-131) Removal of security of tenure in general needs social housing; long-term insecurity for new housing tenants Welfare Reform Bill (which was introduced to parliament on 16 February 2011) contains plans to break the link between housing benefit and the actual cost of local rents, as well as new benefit sanctions on job seekers and shortfalls for single claimants.

Appendix 3: Bristol Social Exclusion Matrix (B-SEM) ten dimensions of potential importance in social exclusion (adapted from Levitas et al, 2007)

Type of Social Exclusion	Dimension of social exclusion
<i>Resources:</i>	Material / economic resources Access to public and private services Social resources
<i>Participation:</i>	Economic participation Social participation Culture, education and skills Political and civic participation
<i>Quality of life:</i>	Health and well-being Living environment Crime, harm and criminalisation

Appendix 4: Ethical Code of Approval

Appendix 5: Information Sheet

Information Sheet for Research Interview

Thank you for your interest in this Ph.D study which is concerned with finding out about charities, organisations and social enterprises (businesses who put people before profit) such as **The Lunchbox** and how they create employment and training opportunities for homeless people and those who find it difficult to get work. The project is part of a programme, funded by the Economic & Social Research Council, and is carried out in collaboration with Crisis, the national charity for single homeless people.

There will be one main researcher Gemma McKenna. You will be asked to take part in a one to one interview, which with your permission will be digitally recorded, where we will talk about the training/work programme you are engaged with now and any that you have been involved with in the past and also experiences of homelessness. The initial information collected will only be seen by the researcher and confidentiality procedures will ensure that you are aware of any information that will be used in reports and possibly publications on the research. Real names **will not** be used in any publications and financial information **will not** be published. Participants will be entitled to see any draft works and publications on request.

I can be contacted during normal office hours 9am-5pm on 0208 411 4240 G.Mckenna@mdx.ac.uk. However if you have any serious concerns about the study it will be possible for you to contact your support worker or such like who will contact me directly and I will aim to contact you as soon as possible.

Appendix 6: Informed Consent

Thank you for taking part in this study on social enterprise and employment opportunities for homeless people. The project is part of a programme, funded by the Economic and Social Research Council, and is conducted in collaboration with Crisis. Please indicate the type of consent you would like to provide below.

1. I agree to the **digital recording** of this interview, which will only be heard by the research team and vetted transcribers. This audio file and the transcript will be stored electronically in a secure folder that is restricted to the research team's use. Financial figures and operating issues **will not** be disclosed.

☐ *Yes, you can digitally record this interview*

☐ *No, not at all*

2. Would you be willing for us to **quote** you in academic publications, evaluation reports, public research publications, or conference presentations?

☐ *Yes, you can use my name and the name of my project/venture*

☐ *Yes, but please remove my name and personal identifiers*

☐ *No, not at all*

3. Would you be willing for you and your project to be used as a **case study**, which may be used in academic publications, evaluation reports, public research publications, or conference presentations? (We cannot guarantee that it will be used in any of these ways.)

☐ *Yes, you can use my name and the name of my project/venture*

☐ *Yes, but please remove my name and personal identifiers*

☐ *No, not at all*

4. We work in collaboration with Crisis (the national charity for single homeless people) and sometimes with other carefully selected universities, PhD students, lecturers and other research organisations. Would you be happy for us to share the contents of this interview with our research partners?

☐ *Yes*

☐ *No*

Post interview:

Please sign below. If there are any specific parts of your experience/feedback you would ***not*** consent to us using in any of the above ways, please tell your interviewer and make a note here:

Name: _____

Signature: _____

Date: _____

Appendix 7: Participant Observation Guide (what to look for in social enterprise environment)

The researcher volunteered and/or visited all case partners social enterprises (observing from both the homeless person and social enterprise leader perspectives) with/without a digital recorder.

1. Place, date, time, all people involved - homeless person, people, social enterprise leader, other staff
2. Gender, ages and other relevant social characteristics e.g. ethnicity
3. Preliminary background of social enterprise
4. Basic details of homeless person's background - particularly their employment history
5. How homeless person views the social enterprise - what homeless person 'expects' or 'would like' from the social enterprise experience
6. What are the social enterprise leaders expectations of trainees/employees (i.e. homeless or formerly homeless people) and other staff
7. What are the staff offering the homeless people (employment, work experience, training, other social support
8. Any prerequisites for involvement with the social enterprise
9. Any special requests before access to social enterprise i.e. drug and alcohol free or on a rehabilitation programme
10. What information is required to gain access to social enterprise - what information is left out - what is still needed
11. General balance of power between employees/trainees and the social enterprise leaders and other staff - who initiates conversations - does most of the talking
12. General attitudes of employee/trainee (homeless person)
13. General attitudes of social enterprise leaders and other staff
14. Physical environment - and how this affects interaction
15. Influence of researcher presence
16. Expectations of the homeless person and social enterprise leaders of the role researcher and what the research looks to achieve

Appendix 8: Topic Guide for Interviews with Employees/Trainees (homeless and formerly homeless people)

Overview of purpose

Thank you for agreeing to take part in this study. The purpose of this research is to identify **how social enterprise is used by organisations within the homeless sector to generate employment and enterprise opportunities for homeless people**. The intended use for the interview data is to uncover different social enterprise models and strategies which are most likely to engage homeless people in employment, enterprise and training activities so that steps can be taken to address unemployment and other conditions associated with homelessness. I have taken a number of steps to protect confidentiality and anonymity. As previously discussed, you have kindly granted permission for this interview to be audiotaped and for notes to be taken. I hope you are comfortable, please let me know at any time if you would to take a break or stop the interview for any reason.

Warm up questions (history)

1. Tell me a bit about yourself.

[Prompts: Background; Age; how did they become homeless, do they mention structural causes of homelessness, unemployment, lack of affordable housing, social exclusion, poverty and/or individual causes, relationship breakdown, time in care, ill-mental health ect; Find out about their level of education]

2. How long have you been working for (insert social enterprise)?

[Prompts: Find out if about previous employment, have they been involved in other social enterprise projects associated with homelessness]

General project questions

3. Tell me a bit about the (insert social enterprise)?

[Prompts: trying to find out about what they think of the training programme; how do they view the organisation from a worker perspective; positive aspects, negative aspects?]

4. What's a typical workday like at (insert social enterprise)?

[Prompts: try to get them to open up about daily tasks to gather a sense of their responsibilities, autonomy, talk about daily challenges, what they enjoy the most, is any other type of personal support offered along side work and training?]

5. What is your experience of training and employment at (insert social enterprise) like compared to previous experiences?

[Prompt: does the social enterprise meet their employment, training and wider social needs better?]

6. Tell me about other people and businesses that you work with because you are involved with (insert social enterprise)

[Prompts: nature of relationship and where they are based; local and regional social enterprise networks, development trusts, supporting bodies, local authority (Councillors ect); homeless referral agencies, community organisations, suppliers; trade associations, parent organisation, do the clients have any contact with outside networks, has their social capital increased as a direct result of being involved with the social enterprise?]

General social enterprise questions

7. What is your understanding of businesses such as (insert social enterprise) that have a social purpose as well as a business focus?

[Prompt: look for definitions and meanings; do they use the term social enterprise?]

8. Do you know of any other projects that assist people with experiences of homeless to access work and training?

[Prompts: exploring the different ways of doing social enterprise; are their friends involved with other projects, if not why not?]

9. Tell me how being involved with (insert social enterprise) has helped you with work and training opportunities?

[Prompt: does social enterprise address their employment and wider social needs?]

Recruitment/support

10. How did you get involved with (insert social enterprise)?

[Prompts: referral agencies, community groups, social worker, family networks, applied, form filling, interview process, trial period]

[Prompts: What kind of skills level did you perceive being required at the start of the (insert social enterprise), has this changed? problems with intellectual capital]

11. What do you perceive as the key challenges facing you at work and in your personal life?

[Prompts: unemployment, housing situation, level of education, substance mis-use issues, social exclusion, poor social networks]

[Prompt: do they perceive completing the trainee programme?]

[Prompt: are there any barriers to preventing homeless people being involved with the social enterprise, those with 'deep exclusion' issues?]

12. What positive benefit for the organisation and for you can you see while working with (insert social enterprise)?

[Prompts: Social capitals, ethical consumerism, financial, are they paid, will they be able to in the future]

[Prompts: what happens on completion of training for trainees and colleagues, do they go on to work in the industry or branch out to other sectors of the economy?]

[Prompts: Can staff/trainees influence the direction of the organisation? processes for being included in the decision making process]

[Prompts: What other forms of support to your staff/trainees does your organisation offer, social, financial, seeking employment support]

Closing questions

13. What are your plans for the future?

Prompts: complete training scheme, hope to work within the social enterprise, self-employment, work for another social enterprise, work in the third sector, go back into full-time education, seek more secure housing, address personal issues now confidence has grown?]

14. Is there anything else you would like to tell me?

Appendix 9: Interview Topic Guide for Social Enterprise Leaders

Overview of purpose

Thank you for agreeing to take part in this study. The purpose of this research is to identify **how social enterprise is used by organisations within the homeless sector to generate employment and enterprise opportunities for homeless people**. The intended use for the interview data is to uncover different social enterprise models and strategies which are most likely to engage homeless people in employment, enterprise and training activities so that steps can be taken to address unemployment and other conditions associated with homelessness. I have taken a number of steps to protect confidentiality and anonymity. As previously discussed, you have kindly granted permission for this interview to be audiotaped and for notes to be taken. I hope you are comfortable, please let me know at any time if you would to take a break or stop the interview for any reason.

Warm up questions (history)

1. Tell me a bit about the history of (insert social enterprise).

[Prompts: how long have they been operating? How did (insert organisation) get to where it is today? Things that worked during inception, things that didn't]

2. How long have you been working for (insert social enterprise)?

[Prompts: Find out if previously employed a parent organisation; is this person a social entrepreneur?]

General organisational questions

3. Please explain your organisational structure?

[Prompts: What are the social objectives? What is the ratio of paid staff to volunteers and clients? Who are you owned by? Tell me about the relationship between the social enterprise and the parent organisation]

Political and socio-economic context questions

4. How do you think what you do fits in with broader political and economic concerns these days?

[Prompts: How will the (government) spending cuts effect your organisation? Localism Bill and Comprehensive Spending Review, impact on Sandwich People and across the third sector, profitability and reliance on grants, how long will they be able to keep operating for with the cuts? What are they responding to as an organisation?]

5. Tell me about other organisations that (insert social enterprise) have relationships with.

[Prompts: nature of relationship and where they are based; local and regional social enterprise networks, development trusts, supporting bodies, local authority (Councillors ect); homeless referral agencies, community organisations, suppliers; trade associations, parent organisation]

Legal form

6. Tell me about your legal form?

[Prompts: Charity (that trades), CIC, CLG, CLS, Co-op, Industrial & Provident Society, Unincorporated, Trust? What are the advantages/disadvantages of your legal form? Do they know about any others? Do they say anything useful about them? Was there any discussion about the legal form being another way? i.e. did they consider using a different structure due to perceived tax advantages]

General social enterprise questions

7. What is your understanding of the concept of social enterprise?

[Prompt: look for definitions and meanings]

8. OR You haven't mentioned the term social enterprise, what do you think about the context?

9. Where did the idea for (insert social enterprise) originate?

[Prompts: find out about key players, top down or bottom up approach. What difficulties have you encountered since inception? Capacity, financial challenges and resources]

Specific business questions

10. Tell me a bit about the market you operate in?

[Prompt: is there space in market?]

11. Why did you choose this industry

[Prompts: gauge level of competition for grants, funding find out what kind of business they are in, why that sector]

12. How do you think your organisation is doing financially?

[Prompts: do they make a surplus, break even, rely on parent, funding, grants; net-profit, operating profit, do they cover all operating costs, do they factor in their own labour?]

Staff/Trainee background/recruitment/support

13. Please tell me about the general profile of your staff and/or trainees

[Prompts: age, education, ethnicity, gender]

[Prompts: Please tell me how your staff/trainees got to work with the Sandwich People; referral agency, applied, form filling, interview process, trail period]

[Prompts: What kind of skills level did you perceive being required at the start of the social enterprise, has this changed? problems with intellectual capital]

14. What do you perceive as the key challenges facing your staff/trainees

[Prompts: unemployment, housing situation, level of education, substance mis-use issues, social exclusion, poor social networks]

[Prompt: What is the trainee completion rate?]

15. What positive benefit for the organisation and the staff/trainees can you see when engaged in your programme?

[Prompts: Social capitals, ethical consumerism, financial, are they paid, will they be able to in the future]

[Prompts: Tell me about what happens to your staff/trainees on completion of training, do they go on to work in the food service industry or branch out to other sectors of the economy?]

[Prompts: Can staff/trainees influence the direction of the organisation? processes for including the trainees in decision making]

[Prompts: What other forms of support to your staff/trainees does your organisation offer, social, financial, seeking employment support]

Closing questions

16. What are (insert social enterprise) plans for the future, what challenges lie ahead?

[Prompts: growth, spin-off projects, merger, change of organisational structure - social, cultural, political, economic]

17. Is there anything else you would like to tell me?

Appendix 10: Example of mind map

RQ1) In what ways does an absence of employment and enterprise activity feature in the causes and consequences of homelessness

